Private and Confidential

Letter of Offer
For Equity Shareholders of the Company only

DEEPAK NITRITE LIMITED

[The Company was originally incorporated as Deepak Nitrite Private Limited on June 6, 1970 under the Companies Act, 1956. The Company was subsequently converted into a Public Limited Company in the name of Deepak Nitrite Limited on April 7, 1971].

Registered Office: 9/10, Kunj Society, Alkapuri, Baroda - 390 007
Tel: 91-0265-2351013, Fax: 91-0265-2330994; Website: www.deepaknitrite.com
Corporate Office: Deepak Complex, National Games Road, Yerawada, Pune - 411 006
Tel: +91-20-56090200, Fax: +91-20-26685760
E-mail: compliance@deepaknitrite.com, Contact Person: Mr.Sanjay Upadhyay

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

LETTER OF OFFER

ISSUE OF 29,91,031 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 140/- PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF DEEPAK NITRITE LIMITED IN THE RATIO OF 2 EQUITY SHARES FOR EVERY 4 EQUITY SHARES HELD ON THE RECORD DATE FEBRUARY 28, 2006. FOR EVERY TWO EQUITY SHARES BEING ALLOTTED ON RIGHTS BASIS UNDER THIS ISSUE, THE ALLOTTEES WILL RECEIVE ONE DETACHABLE WARRANT. TOTAL ISSUE INCLUDING CONVERSION OF WARRANTS INTO EQUITY SHARES DURING WARRANT CONVERSION PERIOD AT RS 250 PER SHARE WOULD AGGREGATE RS. 8225.34 LACS. THE ISSUE PRICE IS 15 TIMES THE FACE VALUE OF THE EQUITY SHARES

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. **Investors are advised to read the Risk Factors on page no. vi carefully before making an investment decision in this Issue.** For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Offer, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing equity shares of the Company are listed on Bombay Stock Exchange Limited ("Designated Stock Exchange") & Vadodara Stock Exchange Ltd. The Company has received in-principle approval from Bombay Stock Exchange Limited and Vadodara Stock Exchange Ltd vide their letter nos. DCS/SMG/SDM/RK/NS/05 and VSE/MD/LIS/2005-06 dated January 13, 2006 and January 16, 2006 respectively for listing the securities arising from this Issue.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Centrum Capital Limited SEBI Regn. No: MB/INM000010445 UIN: 100016915 AMBI Reg. No: AMBI/087 5th Floor Khetan Bhavan, 198, J. Tata Road, Churchgate, Mumbai - 400020. Tel: 91-022-2202 3838 Fax: 91-022-2204 6096 Website: www.centrum.co.in Email: deepaknitrite@centrum.co.in Contact Person: Mr Mayank Dalal	**Sharepro Services (India) Pvt. Ltd** SEBI Regn. No: INR000001476 UIN: 100007005 Satam Estate, 3rd Floor, Above Bank of Baroda Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099 Tel: 91-022-2821 5168 Fax: 91-022-2837 5646 Email: sharepro@vsnl.com Contact Person: Mr G. R. Rao

OFFER OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	OFFER CLOSES ON
March 20, 2006	**April 4, 2006**	**April 19, 2006**

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SECTION I: DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Act	The Companies Act, 1956 and amendments thereto
Articles / AoA	Articles of Association of the Company
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
Board/Committee of Directors	Board of Directors of Deepak Nitrite Ltd or a Committee of the Board of Directors of Deepak Nitrite Ltd.
BSE/Designated Stock Exchange	Bombay Stock Exchange Ltd.
CDSL	Central Depository Services (India) Ltd
CIT	Commissioner of Income-Tax
Company/DNL/Issuer/the Company	Deepak Nitrite Ltd
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
DP	Depository Participant
EGM	Extra-Ordinary General Meeting
Equity Share(s)	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof.
Equity Shareholder	Means a holder of Equity Shares
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/ FY/ fiscal/ fiscal year	Period of twelve months ended March 31st of that particular year
FIs	Financial Institutions
FII	Foreign Institutional Investor [as defined under Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000] registered with SEBI under applicable laws in India.
GM	General Meeting / General Manager
GOI/Government	Government of India
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
Issuer	Deepak Nitrite Limited
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
ITAT	Income Tax Appellate Tribunal
MAT	Minimum Alternate Tax
MD	Managing Director
MOU	Memorandum of Understanding
MP	Management Perception

N.A	Not Applicable
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
NRO	Non-Resident Ordinary Account
NAV	Net Asset Value
NSDL	National Securities Depository Ltd
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
PAC	Persons Acting in Concert
P/E or P/E Ratio	Price/Earnings Ratio
p.a	Per Annum
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBT	Profit Before Tax
PSU	Public Sector Unit
RBI	Reserve Bank of India
Reserve Bank of India Act/RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
ROC	The Registrar of Companies, Gujarat Dadra & Nagar Haveli, ROC Bhavan, Opp. Rupal Park Society, Near AnkurBus Stand, Naranpura, Ahmedabad – 380013.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SIA	Secretariat of Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SSI	Small Scale Industry
STAT	Sales Tax Appellate Tribunal
TDR	Transferable Development Rights
UTI	Unit Trust of India
VSE	Vadodara Stock Exchange Ltd

II. OFFERING-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Letter of Offer
CAF	Composite Application Form

Conversion Price	Rs 250/- per share.
Lead Manager	Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
Investor(s)	Shall mean the holder(s) of Equity Shares of the Company as on the Record Date, i.e. February 28, 2006 and Renouncees.
Issue	Rights Issue of Equity Shares of Rs 10/- each for cash at a premium of Rs 140 per share (i.e. at a price of Rs 150 per share) to the Equity Shareholders of the Company in the ratio of two equity shares of Rs 10/- each for every four equity shares of Rs 10/- each held, with 14,95,516 detachable warrants in the ratio of one detachable warrant for every two equity shares allotted under the rights issue held on the Record Date i.e. February 28, 2006 aggregating Rs 8225.34 lacs.
Issue Closing Date	April 19, 2006
Issue Opening Date	March 20, 2006
Issue Price	Rs 150 per Equity Share.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of Deepak Nitrite Limited
Offer	The Issue of Equity Shares pursuant to the Letter of Offer
PAN	Permanent Account Number
PCD	Partly Convertible Debenture
Record Date	February 28, 2006
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to under this Letter of Offer in proportion to his/her/its existing shareholding in the Company as on the Record Date
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being M/s Sharepro Services (India) Pvt. Limited, having its registered office as indicated on the cover page of this Letter of Offer.
Security Certificates	Equity Share certificates
Renouncees	Shall mean the persons who have acquired Rights entitlements from Equity Shareholders.

III. COMPANY/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
APL	Aryan Pesticides Ltd
ATA	Appellate Tribunal Appeal
BOSS	Bombay Offshore Supply and Services
CAGR	Compounded Annual Growth Rate
CESTAT	Central Excise and Service Tax Appellate Tribunal
CII	Confederation of Indian Industry
CRPC	Criminal Procedure Code
CSIR	Council for Scientific & Industrial Research

CVD	Counter vailing Duty
DCS	Digital Control System
DNL	Deepak Nitrite Limited.
D/E Ratio	Debt-Equity Ratio
DFPCL	Deepak Fertilisers and Petrochemicals Corporation Ltd
DGAD	Directorate General – Anti Dumping
EO	Export Obligation
EPS	Earnings Per Share
ESIC	Employee State Insurance Corporation
ETP	Effluent Treatment Plant
GC	Gas Chromotography
GPCB	Gujarat Pollution Control Board
HOCL	Hindustan Organic Chemicals Ltd
HPLC	High Performance Liquid Chromotography
ILGICL	ICICI Lombard General Insurance Company Ltd
IOCL	Indian Oil Corporation Ltd
IPR	Intellectual Property Right
KRIBHCO	Krishak Bharti Co-operative Ltd
MRTU and PULP Act	Maharashtra Recognition of Trade Unions and Unfair Trade Practices Act, 1971
MT	Metric Tonne
NCL	National Chemical Laboratory
NT	Nitro-toluene
OEM	Original Equipment Manufacturers
QA	Quality Assurance
RD	Registered Dealer
Registered Office	Registered Office of the Company situated at 9/10, Kunj Society, Alkapuri, Vadodara – 390007, Gujarat, India.
RIL	Reliance Industries Ltd
RPFC	Regional Provident Fund Commissioner
SDC	Sahyadri Dyestuffs & Chemicals
SHE	Safety Health & Environment
SSI	Small Scale Industry
TPM	Tonnes Per Month
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UV	Ultra Violet
URD	Unregistered Dealer

SECTION II: RISK FACTORS

I. FORWARD-LOOKING STATEMENTS AND MARKET DATA

Forward-Looking Statements:

All statements contained in this Letter of Offer that are not statements of historical fact constitute "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", 'aspire', "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals are also forward-looking statements but not promises.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- The size, timing and profitability of significant service projects and product sales;
- The mix of the services and product revenues comprises with production of multi segmental production viz. Organic Chemicals, Inorganic Chemicals & Fine and Speciality chemicals.
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies or those of the competitors;
- Cancellations, contract terminations or deferrals of projects;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the industry under which the company is operating; and
- Changes in the political and social conditions in India.

For further discussion of factors that could cause the actual results to differ, see "Risk Factors" beginning on the page vi of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor lead manager, have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and lead manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Unless stated otherwise, the financial data in this Letter of Offer is derived from our financial statements prepared in accordance with the Indian GAAP included on page 87 in this Letter of Offer. At present the Company's financial year commences on April 1 and ends on March 31. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Market Data

Market data used throughout this Letter of Offer was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Letter of Offer is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

II RISK SPECIFIC TO THE FUND RAISING AND INTERNAL TO THE COMPANY:

1. There are litigations/disputes/cases pending against the Company as well as Group Companies.

Cases filed against the Company.

Statutory Cases: As of 15th February 2006, there were 6 Statutory cases filed against the Company.

Civil Cases: As of 15th February 2006, there were 27 Civil cases filed against the Company.

Criminal Cases: As of 15th February 2006, there were 4 Criminal cases filed against the Company.

Cases filed by the Company.

Statutory Cases: As of 15th February 2006, there were 23 Statutory cases filed by the Company.

Civil Cases: As of 15th February 2006, there were 43 Civil cases filed by the Company.

Criminal Cases: As of 15th February 2006, there were 27 Criminal cases filed by the Company.

MANAGEMENT PERCEPTION: The details of various litigations/disputes/cases initiated by and against the Company or the Group Companies are contained in Page No. 130 of this Letter of Offer. Such disputes are common in the existence of commercial organizations in general. The outcome of these disputes is not likely to substantially affect the performance or profitability of the company.

2. Possible Delay in Project Implementation

Significant Capital Expenditure is required to be incurred for the purpose of setting up new manufacturing facilities & expansion/restructuring of existing facilities. The capital expenditure plans are subject to a number of variables, including possible cost overruns, construction/development delays or defects, receipt of critical government approvals, availability of financing on acceptable terms and changes in management's views of the desirability of current plans, among others.

MANAGEMENT PERCEPTION: The Company has in place the Project Implementation teams consisting of highly skilled and experienced personnel, with an excellent track record of completing the projects within the cost and time parameters as per the Project Report. Adequate allowances have been made in the Implementation Schedule for normal slippage. Barring unforeseen circumstances, the company is confident of completing the projects on schedule.

3. Statutory Approvals from Government and Regulatory Authorities are required in the ordinary course of business and failure to obtain the same may adversely affect the operations.

The company requires certain approvals, licenses, registrations and permissions for operating the business, some of which have expired and for which the Company has either made or is in the process of making an application for obtaining the approval or its renewal. Please refer section "Government Approvals" on page 141 for details. Delays in obtaining these approvals/renewals will adversely affect the business.

MANAGEMENT PERCEPTION: The Company possesses all required clearances and permissions including licenses, registrations, approvals etc. Renewals of Licenses are being done regularly and in-time. Applications are made well in advance for renewals.

4. Statutory Approvals for the New Project yet to be Obtained:

The Company is yet to apply for various Government as well as Statutory and Environmental Clearances for the new projects.

MANAGEMENT PERCEPTION: The Company has been operating in the industry for over three decades and does not envisage any difficulty in obtaining the various approvals required for conducting its business.

5. Machinery to be procured from the Proceeds of the issue.

The Company is yet to place Orders for the Equipment /Machineries required for the Capital Projects and other expansions that would be procured from the proceeds of the Issue and the same would be firmed up depending on the projects to be executed.

MANAGEMENT PERCEPTION: The Company would finalize the machinery procurement plans depending upon the nature, type and time of the projects to be executed. Most of the machineries are indigenously available.

6. Deployment of funds Pending Utilization

There is no independent agency to monitor deployment of funds pending utilization for the project.

MANAGEMENT PERCEPTION: The Company has an effective mechanism for monitoring the implementation of the projects to be executed as well as deployment of funds. Pending deployment, proceeds of the issue will be invested in high quality, interest bearing liquid instruments including deposits with banks for necessary duration and investment in debt mutual funds and Government Securities and for reduction of Working capital requirements.

7. Restrictive Covenants in Loan Agreements

There are restrictive covenants in the agreements for short term and long-term borrowings from banks, among other things, which require the Company to obtain the approval of these banks or provide restrictions, namely for, change in shareholding pattern or capital structure issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, undertaking material diversification in the business of other companies or creating subsidiaries or making certain investments.

MANAGEMENT PERCEPTION: There are no unusual covenants apart from standard covenants imposed by all institutional lenders in India. The Company views them as agents for ensuring fiscal discipline rather than restrictive covenants hampering operational flexibility.

8. Funds Not For Any Specific Project:

The funds are being raised to relocate and consolidate existing facilities, the Projects of Nitro and Hydrogenation Rationalisation, Projects of Imaging Chemicals/ Speciality Chemicals/ Life Science Intermediates, for strategic investments and acquisitions, for General Corporate Purposes and to meet the rights issue expenses. The proceeds from the issue have not been linked directly to any particular project.

MANAGEMENT PERCEPTION: The Company operates in a highly competitive industry and to keep abreast of competition needs to relocate, consolidate and expand the manufacturing facilities and also set up new projects from time to time. The Company has got a definite strategy and road map based on which the Projects are envisaged over a period of two years. However, it is difficult to link the proceeds with the Projects for the priorities or contingencies affecting us due to the rapid shifting developments in the industry. The Project execution /activities etc. are planned in such a manner that the total outflows for various projects/acquisitions etc are tied up with the total inflows including proceeds from the right issue, internal accruals etc

9. Part of Issue Proceeds amounting to Rs 4000 lacs to be utilized for Acquisitions and Strategic alliances:

The Company has earmarked Rs 4000 Lacs for acquisition and strategic investments. Company's acquisition plans are in nascent stage and the target companies have not yet been identified.

MANAGEMENT PERCEPTION: The Company has accepted acquisition as one of the strategy it would adopt for growth in the areas of Business where the Company is focussing on. While identifying any new acquisition the Company would weigh the pros and cons in terms of Project cost savings and time saving vis-à-vis setting up a "Greenfield project ". Accordingly, the Company would be looking for suitable opportunities of acquisitions, joint ventures or any other strategic investments in the identified growth areas. The Company proposes to engage a strong Management team for analysis and due diligence prior to acquisition. The acquisition strategy will be formulated shortly.

10. The capital expenditure mentioned in the Objects of the Issue has not been appraised by any bank or financial institution.

The Company has planned significant capital expenditures; the capital expenditure plans may not yield the benefits intended.

MANAGEMENT PERCEPTION: The operations of the Company requires significant capital expenditure. The figures in the capital expenditure plans are based on Managements estimates and have not been appraised by

any banks/financial institutions or other independent organization. However, keeping in view the experience of the Promoters, the management is confident of achieving the growth envisaged.

11. Sale of Land:

One of the means of finance includes proceeds from sale of land at Pune. The Company is yet to enter into a formal Agreement for the same.

MANAGEMENT PERCEPTION: The Board of Directors of the Company at its meeting held on 16th December 2005 has decided to sell the factory plot located at Pune. The Company has received an offer to buy the plot at a consideration of Rs 30 crores which has been accepted by the Board of Directors. The Company is in the process of signing the formal agreement for sale.

12. Non- Exercise Of Warrants:

The funds raised through conversion of Warrants have been considered for the objects of the issue. In case of non-exercise of warrants, the Company may not be able to meet its fund requirements.

MANAGEMENT PERCEPTION: In case of Non-Exercise of Warrants, the company will make arrangement for alternative sources of funds by Internal Accruals or by additional borrowings . The Company's Balance Sheet is strong enough for such purpose.

13. Warrant Conversion Price:

The Conversion price of the warrant is not indicative of the future market price of the Equity shares of the Company.

MANAGEMENT PERCEPTION: Warrant conversion price has been fixed at Rs 250 per warrant. The investor may note that this should not be construed as an indicative market price of the equity shares of the company, whether presently or after the equity shares are issued upon the exercise of the warrants are listed. No assurance can be given regarding the active /sustained trading in the equity shares or the price at which the equity shares offered under the present Issue will trade either after listing or at the time of exercise of warrants.

14. Product Reliability on In-House Manufacturing and Monopolistic Products:

The Company's major growth plans are based on taking up manufacturing of in-house developed products which are being made for the first time in India.

MANAGEMENT PERCEPTION: The Company has successfully demonstrated its ability of manufacturing in-house developed products over the last 10 years. Most of the Products manufactured today are developed in-house. The Company has received Sir P. C. Ray award for the outstanding development of indigenous technology.

15. Significant Dependence on a Single or Few Suppliers or Customers:

Supplier: The company has tied up for the supply of hydrogen , which is one of the key raw materials with a group company Deepak Fertilisers and Petrochemicals Corporation Ltd. (approx. purchase of 52% of its total hydrogen consumption based on April 05 to Sept 05 consumption)

Customer: As per the Provision in the long-term supply contract/Agreement of 5 years for one of our products, the Customer has informed about foreclosure w.e.f. 31.12.05 though the validity of the agreement is till 31.12.06. The foreclosure amount is USD 4.80 Million approximately Rs 21.60 crores.

MANAGEMENT PERCEPTION: In case of non-supply of hydrogen from Deepak Fertilisers and Petrochemicals Corporation Ltd. in the event of plant break down/force-majure condition, the company has created a facility to consume bottled hydrogen. This will enable the company to maintain a major part of production although at an additional cost.

Our Plant is of multipurpose nature and can make other fine chemicals with minor reconfiguration. As such in regard to foreclosure of the agreement the company has opened dialogues with other consumers and is hopeful of utilising the capacity by next year for the same product or alternative product in the multi-product plant.

16. Mishaps or accidents at the Company's facilities could lead to property damage, production loss and accident claims

MANAGEMENT PERCEPTION: The Company has adequate insurance cover against all such risks. Strict adherence to all regulatory requirements is maintained at all the locations at all times. The company pays more emphasis on safety at work places by adopting adequate engineering practices in design and operations.

17. Likelihood of Discontinuance of Employment by Key Technical and R & D Personnel

The Company's prospects depend on in-house product and process development to achieve competitiveness and hence to that extent its growth prospects depends upon the continued contribution from its key technical and R & D personnel.

MANAGEMENT PERCEPTION: The Company recognises R&D as a growth driver for future and has created a challenging and intellectually stimulating R&D work environment, which also rewards innovation. This ensures that the Company is able to attract and retain best of talent. Recognising the international focus, the Company has a right mix of Scientists and Engineers with blending of research and industrial experience in India as well as overseas. The Company has association in form of sponsored projects/consultancy arrangements with well-known research institutes and academic laboratories in India.

18. Anti Dumping Levies

The Company has anti-dumping duty levied on one of the major finished products supplied from China. Withdrawal of the same may affect performance of the Company adversely.

MANAGEMENT PERCEPTION: The Company's petition to DGAD for continuation of anti-dumping duty against the import of the product from China has been accepted. The Department after proper scrutiny has re-levied the anti-dumping duty for a further period of 5 years.

19. Losses by Promoter/Group/Associate Company

The following group companies have incurred losses during the following periods:

(Rs in Lacs)

Name of the Company	Profit/(Loss) for year ended March 2005	Profit/(Loss) for year ended March 2004
Deepak Agro Solutions Ltd	(168.41)	(45.07)
Sapna Investments Pvt. Ltd	(0.10)	8.71
Signassure Services India Ltd	(0.55)	(0.92)
Yerrowda Investments Ltd	(57.94)	(56.18)
Lakaki Works Pvt. Ltd	(7.07)	42.97

Name of the Company	Loss for the period ended 31st July 2004
Deepak International Limited	6,743 UK Pound

MANAGEMENT PERCEPTION: Since the above entities are independent companies, the losses will not have any impact on the performance of the Company.

20. The Contingent Liabilities of the Company as on 30th September 2005 and 31st March 2005 are as mentioned hereunder

Particulars	As on 30.09.2005	As on 31.03.2005
Disputed Income Tax, Sales Tax and Excise liabilities	Rs. 394.53 lacs	Rs 317.42 lacs
Unexpired Guarantee/Counter Guarantee	Rs. 28.67 lacs	Rs 51.76 lacs
Bill Discounted	Rs. 6.98 lacs	Rs. 457.10 lacs
Pending legal Cases	Rs. 1088.07 lacs	Rs 1088.07 lacs

MANAGEMENT PERCEPTION: The major chunk of the above contingent liability is on account of demand raised by the Commissioner of Customs for Rs. 1001.38 lacs. This case pertains to two value based advanced licenses obtained in the year 1992 & 1994 on which the Customs Dept has raised demand for entire License value and penalty of 100% of the License value. The High Court vide its order dt. 7th April, 2005 has remanded back the matter to CESTAT for the case to be heard on merits. CESTAT vide its order dt. 10th November 2005 has stayed the recovery and waived the pre-deposit of duty and penalty pending final hearing of the case.

In respect of the proceedings initiated by the Gujarat Pollution Control Board, the Supreme Court has since remanded back the matter to the high court of Gujarat to re-examine the compensation of Rs. 86.69 lacs awarded earlier, after considering as to whether any damage was caused due to alleged degradation to the environment.

As for the disputed tax liabilities the Company does not foresee the possibility of such liabilities crystallizing to a material extent so as to adversely affect the financial performance.

21. Pending Patent Application:

The Company has applied for a Patent of an invention titled “An improved process for preparation of Anti-Fungal, Anti-Wood Borer and Anti-Termite Fomulations” with the Controller of Patents, Mumbai. The said application is pending grant of patent.

RISK FACTORS EXTERNAL TO THE COMPANY:

1. **Price volatility in crude based raw materials.**

   The Company consumes raw materials which are crude based and hence there is high volatility in price.

   MANAGEMENT PERCEPTION: Most of the Products of the Company are intermediates and as such the volatility affects one and all in the industry, hence these are generally passed on to the final customer. DNL will have same level playing field in the supply of crude oil based raw materials as that of other producers world-wide.

   Further, because of diversified Product portfolio, the Company is in a position to pass on the increase in cost to the customers. Also, the long term contracts of the company are signed with a link to raw material price fluctuations to minimize the impact of raw material price fluctuations.

2. **Regulations of exports and imports.**

   The export share of total turnover of the Company is growing and hence any change in regulations will affect the performance of the industry as a whole.

   MANAGEMENT PERCEPTION: Overall changes in regulations in respect of Export and Import is a phenomena applicable to all the companies across the industry. Under WTO, Regulations have to be on similar footing across the industry. Furthermore, in case of change of export incentives, DNL is in a better position to switchover to maximising import of raw materials.

   DNL is in a better position to respond to such changes by changing the overall product mix or adjusting the procurement policies.

3. **Stability of Government Policies and Political Situation in India.**

   The Company's performance may be affected by the changes in the Government Policies arising out of change in the political situation.

   MANAGEMENT PERCEPTION: The Company perceives that impact of the same will be minimal since it has been demonstrated that there is a continuity in the industrial and economic policies on liberalization under any government/political party. Further, the Company also has diversified manufacturing locations in two different states which gives it an edge to maintain uninterrupted supply in case of unforeseen political /economic situation.

4. **Effect of competition in a Globally Competitive Environment**

   The Company operates in a globally competitive business environment. Growing competition may force it to reduce the price of its products which may reduce its revenues and margins and /or decrease its market share, either of which could have a materially adverse effect on the business, financial condition and results of operations.

   MANAGEMENT PERCEPTION: Competitive environment is a fact of life. However, our diversified manufacturing expertise and proven ability of innovation and new products development further coupled with long term relationship with major MNCs based on satisfactory performance ensures strong customer loyalty. In addition, this opens up new rewarding opportunities as some of the products come under pressure on margins. Therefore, the company is in a better position to respond to such changes by changing the overall product mix, and adjusting its pricing policies in respect of the other products.

5. **Changes in the Domestic Tax Laws**

   Any change in the tax laws in India, particularly income tax, might lead to increased Tax liability of the Company, thereby putting pressure on profitability.

   MANAGEMENT PERCEPTION: The Company feels that the tax laws and tax rates have reached a level of maturity and stability, where unusual hiccups drastically impacting the profitability of companies are not likely to take place.

6. **Foreign Exchange fluctuation**

   The company has got significant turnover from exports. Strengthening of currency will affect the performance adversely.

MANAGEMENT PERCEPTION: The company imports large quantity of raw materials for export based products. Therefore, it has natural hedge on Exports. Also to mitigate the effect of exchange loss, the company has borrowed in foreign currency both for its term loan and working capital. These also gives additional hedge to the company.

7. Volatility of Share Price

After the Rights Issue, the price of the Equity Shares may be highly volatile and may fluctuate significantly due to many factors, including variations in the operations of the Company and changes in the regulatory environment.

The prices of the Equity Shares on the Indian Stock Exchanges have fluctuated in the past and may continue to fluctuate after the Rights issue as a result of several factors, including:

- Volatility in the Indian and global securities markets;
- Results of operations and performance in terms of market share;
- Contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- Changes in the estimates of Company's performance or recommendations by financial analysts;
- Significant developments in India's economic liberalisation and deregulation policies;
- Significant developments in India's fiscal and environmental regulations;

8. Pollution control

Failure to comply with environmental laws, rules and regulations may adversely affect the company's operations.

MANAGEMENT PERCEPTION: The company is not only complying with all the regulatory norms for environment control, but it has also been a signatory to the RESPONSIBLE CARE initiative. Adequate control is exercised at all units. Strict adherence to all regulatory requirements is maintained at all times. The Company has received ISO 14001 certification for its Nandesari Division during the year.

NOTES TO RISK FACTORS

Size of the Issue – ISSUE OF 29,91,031 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 140/- PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF DEEPAK NITRITE LIMITED IN THE RATIO OF 2 EQUITY SHARES FOR EVERY 4 EQUITY SHARES HELD ON THE RECORD DATE FEBRUARY 28, 2006. FOR EVERY TWO EQUITY SHARES BEING ALLOTTED ON RIGHTS BASIS UNDER THIS ISSUE, THE ALLOTTEES WILL RECEIVE ONE DETACHABLE WARRANT. TOTAL ISSUE INCLUDING CONVERSION OF WARRANTS INTO EQUITY SHARES DURING WARRANT CONVERSION PERIOD AT RS 250/- PER SHARE WOULD AGGREGATE RS. 8225.34 LACS. **THE ISSUE PRICE IS 15 TIMES THE FACE VALUE OF THE EQUITY SHARE.**

1. The average cost of acquisition of Equity Shares by the Company's Promoters, is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Deepak C. Mehta	39.79
Chimanlal K. Mehta	39.37
Stiffen Credits and Capital Pvt. Ltd.	29.02
Checkpoint Credits and Capital Pvt. Ltd.	21.20
Stepup Credits and Capital Pvt. Ltd.	21.91
Stigma Credits and Capital Pvt. Ltd.	22.61
Skyrose Finvest Pvt. Ltd.	92.56

2. The Book Value per Equity Share as of March 31, 2005 was Rs. 131.11 per share and as of March 31, 2004 was Rs. 121.19 per share based on financial statements.

3. The Net worth of the Company (as restated), as on March 31, 2005 was Rs. 7843.26 lacs and as on March 31, 2004 was Rs. 7249.93 lacs. For details please refer to Chapter on 'Financial Statement' on page 87 of this Letter of Offer.

4. Investors are advised to refer the paragraph on "Basis for Issue Price" on page 27 of this Letter of Offer before making an investment in the Issue.

5. During the last six months, there have been no transactions on the Stock Exchanges in the shares of the Company by the Promoter/Promoter Group/Directors.

6. Investors can contact the Lead Manager or the Compliance Officer of the Company for any clarifications/ complaints. The Compliance Officer will be available at the following address:

   Mr. Sanjay Upadhyay - Vice President - (Finance) & Company Secretary

   Deepak Nitrite Limited
   Deepak Complex,
   National Games Road, Yerawada
   Pune - 411 006
   E-mail id: compliance@deepaknitrite.com
   Tel: +91-20-56090242
   Fax: +91-20-26685760

7. For Related Party Transactions, please refer to the section entitled "Related party Transaction" in the Financial Statements of the Auditor's Report.

8. The Company and the Lead Managers are obliged to keep this Letter of Offer updated and inform the public of any material change/development.

SALIENT FEATURES OF THE INSTRUMENT

ISSUE OF 29,91,031 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 140/- PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF DEEPAK NITRITE LIMITED IN THE RATIO OF 2 EQUITY SHARES FOR EVERY 4 EQUITY SHARES HELD ON THE RECORD DATE FEBRUARY 28, 2006. FOR EVERY TWO EQUITY SHARES BEING ALLOTTED ON RIGHTS BASIS UNDER THIS ISSUE, THE ALLOTTEES WILL RECEIVE ONE DETACHABLE WARRANT. TOTAL ISSUE INCLUDING CONVERSION OF WARRANTS INTO EQUITY SHARES DURING WARRANT CONVERSION PERIOD AT RS 250/- PER SHARE WOULD AGGREGATE RS. 8225.34 LACS. **THE ISSUE PRICE IS 15 TIMES THE FACE VALUE OF THE EQUITY SHARE.**

No. of Equity Shares to be issued	29,91,031
Issue Size	Rs. 8225.34 Lacs
Entitlement Ratio (Equity Shares)	2:4 (Two Equity Shares for every Four Equity Shares held)
Face Value	Rs 10
Offer Price	Rs 150 per share
Application Money	Rs 150 per share
Entitlement Ratio (Warrants)	1:2 (One warrant for every Two Equity Shares allotted under the Rights Issue)
No. of warrants	14,95,516
Conversion Ratio (Warrants)	1:1 (One Equity Share for every one warrant held)
Warrant Conversion Period	A Record Date would be fixed by the Company during the 18th month from the Date of Allotment. All the warrant holders as on the Record Date would be entitled to exercise their right to convert the Warrants into Equity Shares which shall be a period not less than 30 days and within 45 days. A separate Warrant Exercise Application form would be sent to all the eligible Warrant Holders for converting the warrants into Equity Shares. The same can also be downloaded from the Company's website www.deepaknitrite.com during the Warrant Exercise Period.
Warrant Conversion Price	Warrant Conversion Price shall be Rs 250 per share. .
Trading of Warrants	The warrants can be freely and separately traded as per the minimum lot mentioned in this Letter of Offer on page 154.

SECTION III : INTRODUCTION

I. SUMMARY

(i) Summary of the Industry and Business of the Company

Investors should read the following summary with the Risk Factors appearing on page number vi of this Letter of Offer and detailed information about the Company and its financial statements included on Page No 87 of this Letter of Offer.

INDUSTRY:

INDIAN CHEMICAL INDUSTRY:

Chemical industry is one of the oldest industries in India. It not only plays a crucial role in meeting the daily needs of the common man, but also contributes significantly towards industrial and economic growth of the nation. The industry, including petro-chemicals, and alcohol-based chemicals, has grown at a pace outperforming the overall growth of the industry.

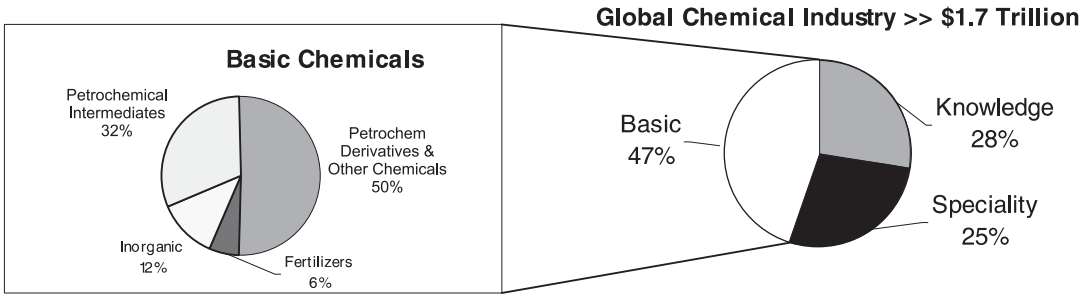
Global Scenario

The global chemical market is estimated at approximately USD 1.7 trillion*. Western Europe is the largest chemical-producing region followed by North America and Asia. It is knowledge-based industry with significant investment in R&D. The industry supplies to virtually all sectors of economy and produces more than 80000 products.**

*(*Source: ICMA, ** Source: Government information sites)*

Some of the emerging trends in the global chemical industry that can be leveraged for growth are:

- Increasing globalization as growth in mature markets drives the leading players to explore new developing markets.
- Consolidation to leverage economies of scale in the basic and knowledge segments.
- Increasing focus on core businesses, resulting in diversified chemical and multi-product companies divesting businesses or exiting non-core product lines.
- Cost optimization assuming critical importance in the face of slow growth coupled with a pressure on prices due to competition.
- Increasing investments in R&D (especially in speciality and knowledge segments) to gain competitive advantage.
- Increasing use of IT to transfer business – intra-company and across the extended supply chain.



*(*Source: KPMG)*

(*Source: KPMG)

Indian Scenario

The Indian Chemical Industry ranks 12th by volume in the world production of chemicals. The industry's current turnover is about USD 30.8 billion (Rs 13.86 lacs mn) which is 14% of the total manufacturing output of the country & the export of chemicals constitutes to about 13% of the country's total export. Substantial proportion of these exports goes to the USA, Europe and other developed nations. Its contribution to the national revenue by way of custom and excise duties is about 20%. India is strong in basic chemicals that go into production of consumer items like paints, dyes, soaps, medicines, toiletries, cosmetics, etc.

Indian Chemicals Industry is characterized by its large fragmentation in both small and large scale units. The fiscal concessions granted to small sector in mid-eighties led to establishment of large number of units in the Small Scale Industry (SSI) sector. Currently, the Indian Chemical Industry is in the midst of major restructuring and consolidation phase.

With the shift in emphasis on product innovation, brand building and environmental friendliness, this industry is increasingly moving towards greater customer-orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

In terms of consumption, the chemical industry is its own largest customer and accounts for approximately 33% of the consumption. In most cases, basic chemicals undergo several processing stages to be converted into downstream chemicals. These in turn are used for industrial applications, agriculture, or directly for consumer markets. Industrial and agricultural uses of chemicals include auxiliary materials such as adhesives, unprocessed plastics, dyes and fertilizers, while uses within the consumer sector include pharmaceuticals, cosmetics, household products, paints, etc.

Inorganic chemicals constitute to about 8% of total chemical turnover. Inorganic chemical industry is essentially domestic demand driven. Consumption of inorganic chemicals like caustic, chlorine find application across entire section of chemical industries and hence result in high capacity utilization and energy efficient operation.

India also produces a large number of fine and speciality chemicals, which have very specific uses and are essential for increasing industrial production. These find wide usage as food additives, pigments, polymer additives, anti-oxidants in the rubber industry, etc.

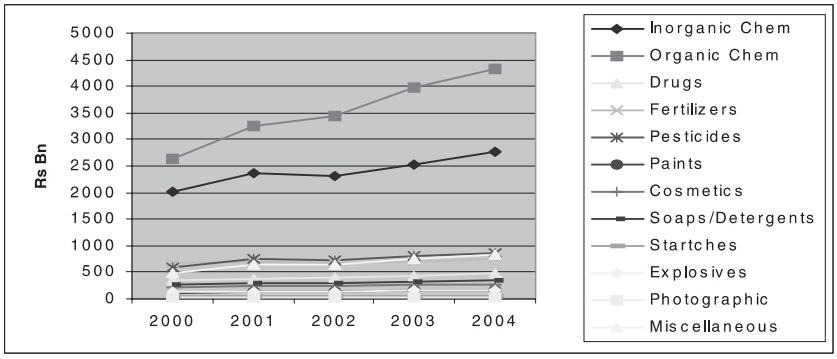
Organic , fine & speciality chemicals are used to produce advance intermediates and active ingredients for pharma as well as agro-chemical industry. This Sector has shown significant growth over last decade and now taken a global market share.

The Dyestuff sector is one of the important segments of the chemicals industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, paper, plastics, printing ink and foodstuffs. The textile industry accounts for the largest consumption of dyestuffs at nearly 80%. India has emerged as a global supplier of dyestuff and dyes intermediates, particularly for reactive, acid, vat and direct dyes. As far as global production of dyes is concerned, India accounts for 6% of the world production.

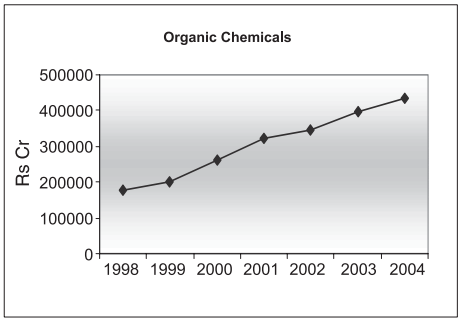
Chemical fertilizers and crop protection chemicals played an important role in the “Green Revolution” during the 1960s and 1970s. The consumption of pesticides in India is low in comparison to other countries. Indian exports of agrochemicals have shown an impressive growth over the last five years.

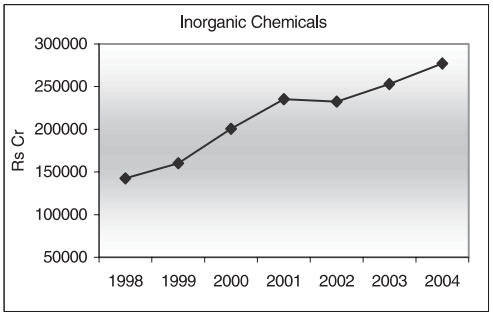
The key export destination markets are USA, UK, countries of European Union, South Africa, Japan, Korea, China, Malaysia, Singapore, Australia and South America.

(Source : FICCI, ICMA and KPMG Survey Report)



*(*Source: CRISIL & CHEMEXIL)*





(*Source: CRISIL & CHEMEXIL)

Traditionally, the creation of capacities has been ahead of the demand over the past few decades, chemical industry has been witnessing acute competition in pricing. However, in the recent years, creation of further capacities has slowed down, bringing about a balance in the demand supply position.

BUSINESS OF THE COMPANY:

Back Ground

About the Company and its business

Deepak Nitrite Limited (DNL) – the flagship company of the Deepak Group of Companies – has come a long way since it was set up in the 1970s to support India's drive towards self-sufficiency and import substitution. Today, revenues from its exports to over 20 countries, including the US, Japan, Korea and Europe, contribute almost 43% of its turnover of Rs. 321 crore. DNL has last year crossed turnover of Rs 138 crores in exports. For the year 2004-05, exports rose an impressive 23% over the previous year to close at Rs.138 crores, driven by the strong performance of exports of Organic/fine chemicals. However, the company has no plans to rest on its laurels and has already set sights on the next milestone of achieving a target of 50% of its turnover from exports.

Moving up the value chain

The DNL saga began way back in the 1970s. Mr. C K Mehta, a budding entrepreneur, set up a small chemical manufacturing unit in Gujarat. In 1970, he set up a plant at Nandesari, near Vadodara in Gujarat, for manufacturing two import substitutes – sodium nitrite and sodium nitrate – using indigenous technology. At that time global suppliers like BASF, Du-pont and ICI, were supplying a bulk of the sodium nitrite and by manufacturing these two chemicals indigenously, DNL managed to make its presence felt in domestic market. From these humble beginnings, DNL has grown continuously across the value chain by forward, backward and lateral integration. Today, it manufactures inorganic, organic and fine & speciality chemicals catering to the needs of a host of industries, from textiles and pharmaceuticals, to rubber, agrochemicals, paints, dyes, explosives, glass, paper and cosmetics. The company is now focused on making its plants more flexible to switch from intermediaries to speciality chemicals and to progressively take to customization. Over the years, it has successfully and seamlessly moved from being a commodity-oriented, bulk volume product company to a fine intermediate company.

Multi-locational manufacturing facilities

DNL has three manufacturing facilities at different locations in the western part of India – one at Nandesari, Gujarat and two in Maharashtra at Taloja and Roha. The inorganic chemicals are produced only in Gujarat, while organic and fine & speciality chemicals are produced at the facilities located across Gujarat & Maharashtra. One of the facilities is devoted predominantly to hydrogenation and reductive alkylation. In inorganic chemicals, the major products manufactured include nitrites, nitrates, blowing agents, hydroxylamine derivatives, while in organic chemicals the major products include nitrochlorobenzenes, nitrotoluenes, toluidines, xylidines and cumidines. While the company's main strengths are in nitration, chlorination and hydrogenation, DNL also has the technical capabilities to carry out many other reactions at its plants. Products like DEMAP, Resorcinol and intermediates for agro/pharma/imaging chemical industry constitutes its Fine & Speciality segments.

Growing through acquisitions and restructuring

DNL immensely benefited by acquiring companies whose product lines complemented its own. In 1984, it acquired Sahyadri Dyestuffs & Chemicals Division. Located at Vithalwadi, Pune. This division produced a whole range of innovative intermediates for colorants and imaging chemicals. In light of fast development of Pune city and adjoining areas further coupled with environmental and financial impacts, it is difficult to foresee a continued growth in production at Pune Plant. Therefore, the Board of Directors has decided to relocate this unit. Some of the factors which has forced us to relocate this plant are :

- Environmental concerns and rapidly growing urbanisation of areas surrounding the factory
- Logistic issues in relation to handling of chemical products within Urban location.
- Restriction on expansion plan
- High Taxes and additional cost like octroi in city limits
- Shifting of Facility will help in bringing proximity to our main user industries and other cost savings including proximity to Economical port area. It also gives us advantage to expand and modify our product line to achieve economy of scale.

In 2000, DNL acquired Aryan Pesticides Ltd., the agrochemical intermediate producer company located at Roha in Maharashtra to boost its speciality chemicals business. APL Division is India's largest producer of p-cumidine and the only manufacturer of xylidines in the country. The acquisition brought about synergy in three areas:

- Inputs - as Aryan was DNL's largest customer for nitrochlorobenzene;

- Technology - Chlorination, Nitration and Hydrogenation were the main processes used at Aryan. DNL has established Superior expertise in these technologies.

Customers - Erstwhile Aryan's existing Customer base for its APL Products had a good strategic fit with that of DNL's Customers.

Investing in research

R&D has been an integral part of DNL's growth. In 2004-05, DNL spent over Rs. 230 lakhs on its R&D activities, which constitutes around 1% of its turnover. Many of its products have been developed at its central R&D facility at Pune, the Deepak Research & Development Foundation (DRDF). Approved by the Government of India, Dept. of Science & Technology, the center is primarily engaged in research and process development for new products, as well as optimization of the manufacturing process for existing products. Situated at Pune, it encompasses a sophisticated analytical laboratory and facilities for testing new technologies and new products.

The Centre works in close association with reputed universities and research institutes of India like the University Institute of Chemical Technology, Mumbai, National Chemical Laboratory, Pune and the Indian Institute of Chemical Technology, Hyderabad. DNL is also active in custom manufacturing and works with leading companies under strict agreements of confidentiality for development and manufacture of highly-specialised products for their specific requirements.

The company's strengths in this area include years of in-house expertise and a proven track record of innovation and indigenous development.

Going global

After crossing Rs. 138 crore turnover mark from its international business this year, the company foresees a quantum leap in export turnover through custom manufacturing for the specific needs of end-users and manufacture of high-value, speciality products, either based on its own end-products or developed especially for the user. Apart from a hike in R&D and capacity expansion, DNL has adopted a business model for growing its international business – exclusive development of new products at its R&D Centre followed by becoming exclusive suppliers to large companies. The company is looking at doubling the revenue from long-term or exclusive contracts abroad to 70% of total exports. For DNL, international business has been growing at a faster rate and is considered less volatile than the domestic business. But it certainly is not ignoring the domestic market. DNL has strength in Domestic market also and is having one of the largest numbers of end-product customers. This approach has indeed paid dividends to DNL in the past few years and is expected to help the company scale new heights of success in the future.

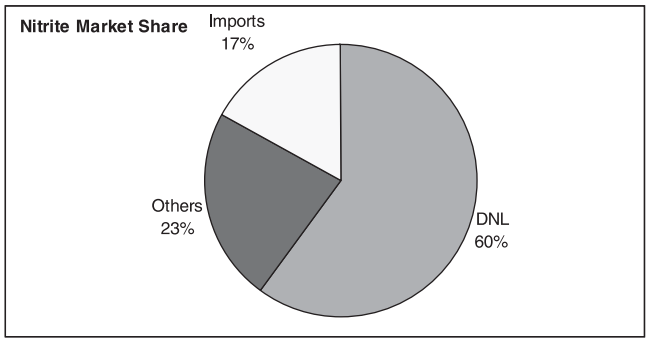
Company's operations are broadly divided into three business segments -

- Inorganic Intermediates
- Organic Intermediates
- Fine & Speciality Chemicals

The brief details of each segment of the company mentioned above is given below:

Inorganic Intermediates

DNL is India's largest producer of sodium nitrite and sodium nitrate by the ammonia oxidation process. Sodium nitrite forms the raw material for several other value-added products manufactured by the company such as hydroxylamine derivatives, oximes, alkylated hydroxylamine and a rubber-blowing agent. The company has expertise to safely handle bulk and hazardous chemicals. The manufacturing facility is located at Nandesari near Vadodara, Gujarat.



Source: Chemexil

Over last 3 decades DNL is leader in sodium Nitrite domestic market, holding about 60% of the market share. Cost leadership, supported with well-entrenched market network & customer understanding has seen steady rise in market share for DNL. Company has also been strategically catering to other international markets like Gulf, Europe and East Asia.

Organic Intermediates

The major products of this segment are basic building blocks like mono-chloro benzene, nitro-chloro benzene, nitro-toluene, nitro-xylenes, nitro-cumenes. This makes it one of the largest consumers of aromatic commodities like BTX and cumene in India. DNL has highly automated multipurpose nitration and isomer separation facility, which produces nitro-chlorobenzenes, nitro-xylenes, nitro-cumenes and nitro-toluenes. Majority of these nitrated products, are captively consumed in-house to reduce further to produce a range of aromatic amines. This reduction step is based on a cost competitive catalytic hydrogenation technology developed in-house. The product line has been enhanced to include new products based on the reductive alkylation process and ring hydrogenation. These manufacturing facilities are based at Nandesari in Gujarat, Taloja and Roha in Maharashtra.

DNL achieved global leadership in some of its products like cumidine and xylidine used in Agro and Pigment intermediates. by aggressively positioning its products in this competitive segment and becoming a proven and reliable Supplier under a long term contract with major MNCs.

Fine and Speciality Chemicals

This segment produces a broad and innovative range of imaging & colourant intermediates and fine chemicals, based on its expertise in alkali fusion, halogenation, alkylation and sulfonation. It also manufactures speciality intermediates used in paper chemicals, pigments, agro, pharma, dyes, optical brighteners, inks, rubber and UV absorbers. These manufacturing facilities are located at Pune and Roha, in Maharashtra. This segment specializes in developing & manufacturing exclusive intermediates or performance chemicals for major MNCs.

DNL has shown continuous improvement in market share of hydroxylamine derivatives and is currently occupying significant share of global business and in products like herbicides and strobilurins as a leading Supplier for herbicides and strobilurins. Over the years Company has consolidated its position as a major supplier of intermediates for color-formal/imaging chemical industry supplying a variety of alkylated aminophenols as well as diphenylamine class of compounds. DNL has been a leading producer and supplier of Resorcinol in India and has established a reliable customer base with all major tyre manufacturers, the main end use segment of this product. Company has also developed several value added derivatives of Resorcinol for international market. Agro intermediate that DNL manufactures find use in latest generation recently expired patented products.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	March 20, 2006
Last date for receiving requests for split forms	April 4, 2006
Issue Closing Date	April 19, 2006

(ii) SELECTED FINANCIAL INFORMATION

Summary of Financial data under Indian GAAP.

UNCONSOLIDATED STATEMENT OF PROFITS AND LOSSES (AS RESTATED)

Particulars	**Half year ended 30.09.05**	**31.03.05**	**31.03.04**	**31.03.03**
INCOME				
Total Sales	**16,577.68**	**32,126.68**	**27,842.31**	**24,932.15**
Other Income				
Other operating income	231.39	556.73	326.69	261.69
Other Income	65.90	218.38	862.87	227.70
Increase / (Decrease) in Inventories	365.45	(328.34)	(269.37)	838.69
	17,240.42	**32,573.45**	**28,762.50**	**26,260.23**
Expenditure				
Raw Materials Consumed	10,838.67	19,992.49	16,726.38	15,242.68
Staff Costs	1,195.09	2,497.89	2,195.16	1,759.95
Other Manufacturing expenses	2,324.66	4,654.13	4,771.17	4,353.45
Administration Expenses	594.02	1,253.96	1,217.64	955.81
Selling and Distribution Expenses	291.19	554.73	450.18	406.02
Interest	584.23	1,128.61	1,293.52	1,292.84
Depreciation	555.22	999.68	1,163.82	773.83
Wealth Tax	1.80	4.55	2.70	2.66
Prior Year Adjustment	–	–	3.95	–
	16,384.88	**31,086.04**	**27,824.52**	**24,787.24**
Profit before Extra-Ordinary Items	855.54	1487.41	937.98	1472.99
Less : Exceptional Items	–	–	–	–
Profit before Tax - before Restatement	**855.54**	**1,487.41**	**937.98**	**1,472.99**
Adjustments :				
Effect of Change in Accounting Policy / Treatment	2.22	64.05	195.94	(29.81)
Other Adjustments	–	–	3.95	(3.95)
Total Adjustments	2.22	64.05	199.89	(33.76)
Profit before Tax - after Restatement	**855.76**	**1551.46**	**1137.87**	**1439.23**
Provision for Tax*	(280.03)	(481.75)	(125.00)	(302.25)
Current tax / DTA / DTL on Adjustments	(0.75)	(26.54)	(87.08)	12.41
Net Profit After Tax - Restated	**576.98**	**1,043.17**	**925.79**	**1149.39**

STATEMENT OF UNCONSOLIDATED ASSETS AND LIABILITIES (AS RESTATED)

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03
Fixed Assets :				
Gross Block	23,922.79	23,611.99	21,236.17	16,042.55
Less:				
Depreciation	11,271.84	10,473.65	9,402.21	6,853.06
Net Block	12,650.95	13,138.34	11,833.96	9,189.49
Less: Revaluation Reserve	189.10	193.13	203.24	213.85
Net block (after adjustment of Revaluation Reserve)	12,461.85	12,945.21	11,630.72	8,975.64
Capital Work in Progress	373.58	339.28	641.19	105.71
	12,835.43	**13,284.49**	**12,271.91**	**9,081.35**
Investments	**156.29**	**156.29**	**156.29**	**1,545.97**
Current Assets, Loans and Advances :				
Inventories	3,939.06	4,572.85	3,937.38	3,350.43
Sundry Debtors	6,468.19	7,316.25	4,462.61	6,198.47
Cash and Bank Balances	515.11	515.30	244.55	201.30
Loans and Advances	3,559.18	3,479.74	3,110.84	2,324.00
Other Current Assets	295.81	307.05	536.83	403.50
Total Current Assets	**14,777.35**	**16,191.19**	**12,292.21**	**12,477.70**
Liabilities and Provisions :				
Secured Loans	7,756.25	6,098.48	4,615.16	5,651.75
Unsecured Loans	4,141.57	6,947.83	5,532.82	3,526.11
Deferred Tax Liability	2,004.79	1,918.75	1,658.39	1,906.71
Current Liabilities	4,245.32	4,889.32	3,912.02	3,827.35
Provisions	1,719.87	1,934.33	1,752.09	1,569.25
	19,867.80	**21,788.71**	**17,470.48**	**16,481.17**
Net Worth	**7,901.27**	**7,843.26**	**7,249.93**	**6,623.85**

Dear Shareholder(s),

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on December 16, 2005, it has been decided to make the following offer to the Equity shareholder of the Company:

ISSUE OF 29,91,031 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 140/- PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF DEEPAK NITRITE LIMITED IN THE RATIO OF 2 EQUITY SHARES FOR EVERY 4 EQUITY SHARES HELD ON THE RECORD DATE FEBRUARY 28, 2006. FOR EVERY TWO EQUITY SHARES BEING ALLOTTED ON RIGHTS BASIS UNDER THIS ISSUE, THE ALLOTTEES WILL RECEIVE ONE DETACHABLE WARRANT. TOTAL ISSUE INCLUDING CONVERSION OF WARRANTS INTO EQUITY SHARES DURING WARRANT CONVERSION PERIOD AT RS. 250/- PER SHARE WOULD AGGREGATE RS. 8225.34 LACS.

II GENERAL INFORMATION

Name and Registered Office of the Company:
Deepak Nitrite Limited,
9/10, Kunj Society
Allkapuri, Vadodara -390 007, Gujarat
Tel: 91-0265-2351013/2334481/2334482
Fax: 91-0265-2330994
Email : compliance@deepaknitrite.com
Website: www.deepaknitrite.com
Registration Number: 04-1735

Registrar of Companies: Gujarat Dadra & Nagar Haveli, ROC Bhavan, Opp. Rupal Park Society, Near Ankur Bus Stand, Naranpura, Ahmedabad – 380013.

The Offer is proposed to be listed at: Bombay Stock Exchange Ltd (Designated Stock Exchange) and VSE (Vadodara Stock Exchange Ltd).

BOARD OF DIRECTORS OF THE COMPANY

The Company is currently managed by the Board of Directors comprising of 10 Directors. The Board of Directors consists of the following persons:

NAME	DESIGNATION	STATUS
Mr. C.K. Mehta	Chairman	Promoter and Non-Executive Director
Mr. D.C.Mehta	Managing Director	Promoter and Executive Director
Mr. A.C. Mehta	Managing Director	Promoter and Executive Director
Mr. Shrenik Kasturbhai Lalbhai	Director	Independent and Non-Executive Director
Dr. S.S. Agarwal	Director	Independent and Non-Executive Director
Mr. M.R.B. Punja	Director	Independent and Non-Executive Director
Mr. A.K. Dasgupta	Director	Independent and Non-Executive Director
Mr. Nimesh Kampani	Director	Independent and Non-Executive Director
Mr. Hasmukh Shah	Director	Independent and Non-Executive Director
Mr. Sudhin Choksey	Director	Independent and Non-Executive Director

Details of Chairman & Managing Director:

1) **Mr C. K Mehta** is the founder of the Company and is associated with the Company since 2nd May 1970, the date of the inception of the Company. He is an industrialist having 50 years of experience in the chemical trade and industry. He is also the founder of Deepak Fertilisers & Petrochemicals Corporation Ltd. He is the Chairman of our Company and also of Deepak Fertilisers & Petrochemicals Corporation Ltd.

2) **Mr Deepak C. Mehta** is the Managing Director of the Company since 1983. He is a Science Graduate and is closely associated with the Company since 28 years. He is currently also the President of Indian Chemical Manufacturers Association

3) **Mr A. C. Mehta** is the Managing Director since 1989. He is a Science graduate and Master of Science (Chemical Engineer) from University of Texas, USA. He is actively associated with the Company since 1984. He is having experience in the field of Chemical.

ISSUE MANAGEMENT TEAM

Lead Manager to the issue **Centrum Capital Limited** **SEBI Regn. No. INM000010445** **UIN No: 100016915** **AMBI Reg. No: AMBI/087** Khetan Bhavan, 5th Floor,198, J.Tata Road, Churchgate, Mumbai - 400020 Tel: 91-022-2202 3838 Fax: 91-022-2204 6096 Website: www.centrum.co.in Email: deepaknitrite@centrum.co.in Contact Person: Mr Mayank Dalal	***Bankers to the Company*** **State Bank of India** Industrial Finance Branch, "Tara Chambers"Wakdewadi, Pune-Mumbai Road.Pune – 411003 Tel: +91-20-2581 7729, Fax: +91-20-2581 8941 Email: sbi8966credit@vsnl.net
Registrar to the Issue **Sharepro Services (India) Pvt. Ltd** **SEBI Regn No: INR000001476** **UIN : 100007005** Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road,Chakala, Andheri (East),Mumbai - 400 099 Tel: 91-022-2821 5168 Fax: 91-022-2837 5646 Email: sharepro@vsnl.com Contact Person: Mr G R Rao	**Dena Bank** 31/32, M. G. Road, Pune Camp, Pune - 411 001 Tel: +91-20-26130307, Fax: +91-20-26138985 Email: camppo@denabank.co.in
Company Secretary & Compliance Officer **Mr Sanjay Upadhyay** Deepak Nitrite Limited Deepak Complex, National Games Road, Yerawada, Pune - 411 006. Tel: +91-20-56090242 Fax: +91-20-26685760 Email: compliance@deepaknitrite.com Website: www.deepaknitrite.com	**Bank of Baroda** Corporate Financial Services Mantri Court, 39, Ambedkar Road, Pune - 411 001 Tel: +91-20-26125284, Fax: +91-20-26122240 Email: corpun@bankofbaroda.com
Legal Advisor to the Issue **Mahimtura & Co.** Advocates & Solicitors101/104, Banaji Houe, 361, D. N. Road, Fort Mumbai - 400 001 Tel: +91-22-22047859, Fax: +91-22-22851927 Email: lex@mahimtura-law.com	**ICICI Bank Limited** 'A' Wing Shangrila Gardens, 3rd Floor, Bund Garden, Pune - 411001 Tel: +91-20-26128221 Fax: +91-20-26128226 Email: manishhuddar@icicibank.com
Auditors of the Company **B. K. Khare & Co.,** **Chartered Accountants** 706/708, Sharda Chambers New Marine Lines, Mumbai - 400 020 Tel: +91-22-22000607/6360/7318, Fax: +91-22-22003476 Email: info@bkkhareco.com	**UTI Bank Ltd** Sterling PlazaPlot No 1262/B, J M Road,Deccan Gymkhana, Pune - 411004 Tel: +91-20-56012695, Fax. : +91-20-25520530 Email**:** omjaiswani@utibank.co.in
Bankers to the Issue **UTI Bank Ltd.** Sterling Plaza, Plot No 1262/B, J M Road, Deccan Gymkhana,Pune - 411004 Tel: +91-20-56012695, Fax. : +91-20-25520530 Email: omjaiswani@utibank.co.in	**ING Vysya Bank** 928 F. C Road, Pune - 411004 Tel: +91-20-25674673, Fax: +91-20-25656214 Email: satyanarayanavv@ingvysyabank.com

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre-issue/ post-issue related problems such as non-receipt of Letter of Offer/letter of allotment/ share certificate(s)/ refund orders.

CREDIT RATINGS

Since the present issue is of Equity Shares, credit rating is not required.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY

There is no outside Independent Monitoring Agency. However, the Company has appointed a Committee of Directors who will monitor the deployment of funds.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90 percent of the Issue, the entire subscription shall be refunded to the applicants within 42 days from the date of closure of the Issue. If there is any delay in the refund of subscription amount by more than 8 days after the Company becomes liable to repay the subscription amount (i.e. forty two days after the closure of the Issue), the Company will pay interest for the delayed period, at rates prescribed under Sub-section (2) and (2A) of Section 73 of the Act.

STANDBY UNDERWRITING ARRANGEMENTS

The present Rights Issue is not underwritten, however, the Promoters have confirmed vide their letter of intent dated, 16th December 2005 that they intend to subscribe to the full extent of their entitlement in the Issue. Promoters intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue Size is subscribed.

III. CAPITAL STRUCTURE OF THE COMPANY

Particulars	Nominal Value (Rs)	Aggregate Value at Issue Price (Rs.)
Authorised Share Capital		
3,00,00,000 Equity shares of Rs.10/- each	30,00,00,000	20,00,000
Preference Shares of Rs 100/- each	20,00,00,000	50,00,00,000
Issued, Subscribed and Paid-up Share Capital		
30,66,062 Equity shares of Rs 10/- each	3,06,60,620	
29,16,000 Equity shares of Rs 10/- each	2,91,60,000	5,98,20,620
(Fully paid up at a premium of Rs 40/- per share on automatic conversion on 24th Nov. 1991of Part A of 12.5% Partly Convertible Debentures)		
Present Offer being Offered to the Equity Shareholders through this Letter of Offer		
29,91,031 Equity Shares of Rs.10/- each with detachable Warrants for cash at a premium of Rs. 140/- per share in the ratio of two Equity Shares for every four Equity Shares held on record date.	299,10,310	41,87,44,340
14,95,516 detachable Warrants in the ratio of one Warrants for every two Equity Shares being offered on Rights basis. *	1,49,55,160	35,89,23,840
Paid up Capital after the Offer		
89,73,093 Equity Shares of Rs.10 /- each	8,97,30,930	
Upon Conversion of Warrants*	10,46,86,090	
1,04,68,609 Equity Shares of Rs 10/- each		
(Assuming Equity Shareholders subscribe to all the Equity Shares offered).		
Share premium Account ·		**Premium (Rs)**
● Existing share premium account		11,96,60,282
● On the Issue of Equity Shares		41,87,44,340
● On conversion of Warrants *		35,89,23,840

*** Assuming full conversion of Warrants by all shareholders including promoters.**

Details of Increase in Authorised Capital:

	Increased from		Increased to	
Date	**Number of shares**	**Amount**	**Number of shares**	**Amount**
03-09-1971			6,00,000 equity shares of Rs 10/- each	60,00,000/-
			20,000 Pref. Shares of Rs 100/-each	20,00,000/-
			Unclassified Shares	20,00,000/-
			Total:	**1,00,00,000/-**
31-03-1976	6,00,000 equity shares of Rs 10/- each	60,00,000/-	10,00,000 equity shares of Rs 10/- each	1,00,00,000/-
	20,000 Pref. Shares of Rs 100/- each	20,00,000/-	20,000 Pref. Shares of Rs 100/- each	20,00,000/-
	Unclassified Shares	20,00,000/-	Unclassified Shares	1,80,00,000/-
	Total:	**1,00,00,000/-**	**Total:**	**3,00,00,000/-**
23-03-1985**	20,00,000 equity shares of Rs 10/- each	200,00,000/-	40,00,000 equity shares of Rs 10 /- each	400,00,000/-
	50,000 Pref. Shares of Rs 100/- each	50,00,000/-	50,000 Pref. Shares of Rs 100/- each	50,00,000/-
	Unclassified Shares	50,00,000/-	Unclassified Shares	50,00,000/-
	Total:	**3,00,00,000/-**	**Total:**	**5,00,00,000/-**

	Increased from		Increased to	
Date	**Number of shares**	**Amount**	**Number of shares**	**Amount**
24-03-1988	40,00,000 equity shares of Rs 10/- each	4,00,00,000/-	65,00,000 equity shares of Rs 10/- each	6,50,00,000/-
	50,000 Pref. Shares of Rs 100/- each	50,00,000/-	50,000 Pref. Shares of Rs 100/- each	50,00,000/-
	Unclassified Shares	50,00,000/-	Unclassified Shares	50,00,000/-
	Total:	**5,00,00,000/-**	**Total:**	**7,50,00,000/-**
24-11-1990	65,00,000 equity shares of Rs 10/- each	6,50,00,000/-	1,40,00,000 equity shares of Rs 10/- each	14,00,00,000/-
	50,000 Pref. Shares of Rs 100/- each	50,00,000/-	50,000 Pref. Shares of Rs 100/- each	50,00,000/-
	Unclassified Shares	50,00,000/-	Unclassified Shares	50,00,000/-
	Total:	**7,50,00,000/-**	**Total:**	**15,00,00,000/-**
12-12-1992	1,40,00,000 equity shares of Rs 10/- each	14,00,00,000/-	3,00,00,000 equity shares of Rs 10/- each	30,00,00,000/-
	50,000 Pref. Shares of Rs 100/- each	50,00,000/-	20,00,000 Pref. Shares of Rs 100/- each	20,00,00,000/-
	Unclassified Shares	50,00,000/		
	Total:	**-15,00,00,000/-**	**Total:**	**50,00,00,000/-**

**** Note:** During the years 1978-79, 1995-96 and 1998-99, the Company has not gone for any kind of change in Authorised Capital, it has only reclassified its existing Authorised Capital.

Notes to the Capital Structure:

Share Capital History of the Company

Date of Allotment	Number of shares allotted	Cumulative Paid up Capital (Rs.)	Face Value (Rs.)	Offer Price (Rs.)	Remarks
02-05-1970	2	200/-	100/-	100/-	Subscribed while Signing Memorandum
11-08-1970	6,550	6,55,200/-	100/-	100/-	Allotment
16-06-1971	1,59,480	22,50,000/-	10/-	10/-	Further Allotment
03-09-1971	2,25,000	45,00,000/-	10/-	10/-	Public Issue
14-07-1977	3,60,000	81,00,000/-	10/-	10/-	Bonus 5: 4
22-08-1980	8,10,000	1,62,00,000/-	10/-	10/-	Bonus 1: 1
25-06-1986	8,10,000	2,43,00,000/-	10/-	10/-	Bonus 2: 1
24-11-1991	29,16,000	5,34,60,000/-	10/-	50/-	Conversion of Part-A of PCDs issued on Rights basis
28-12-1995	4,04,000	5,75,00,000/-	10/-	54/-	Preferential Allotment to Promoter Group
17-06-2004	2,32,062	5,98,20,620/-	10/-	10/-	Issued to the Shareholders of APL in the ratio of 1: 5 upon Amalgamation with the Company

Notes: In the month of June 2004, the Company allotted 2,32,062 equity shares to the shareholders of erstwhile Aryan Pesticides Ltd. as per the scheme of amalgamation approved by the Honourable High Court at Mumbai and Gujarat in the ratio of 1 equity share of Deepak Nitrite Ltd of Rs 10 each for every 5 equity shares of Aryan Pesticides Ltd. of face value of Rs 10 each. Consequent to that, the issued share capital of the Company has increased from 5,75,00,000 to 5,98,20,620.For further details please refer page no. 63 of this Letter of Offer.

Present Rights Issue:

Type of Instrument	Ratio	Face Value (Rs.)	No. of Shares	Issue Price (Rs.)	Consideration (Rs)
Equity Share	2:4	10	29,91,031	150/-	44,86,54,650
Warrants	1:2	10	14,95,516	250/-	37,38,79,000

Shareholding Pattern Pre & Post Rights Issue:

	Pre-Issue		Post Issue pursuant to Rights Issue*	
Category	**No. of shares**	**% age of issued capital**	**No. of shares**	**% age of issued capital**
Promoters Holdings				
Indian Promoters	28,18,183	47.11	42,27,274	47.11
Sub total (A)	**28,18,183**	**47.11**	**42,27,274**	**47.11**
Non-Promoters Holding				
Banks/ FIs / Insurance Companies	2,42,367	4.05	3,63,551	4.05
Mutual Funds and UTI	1,800	0.03	2,700	0.03
Private Corporate Bodies	4,34,678	7.27	6,52,017	7.27
Overseas Corporate Bodies / NRIs	21,512	0.37	32,268	0.36
FIIs	1,30,271	2.19	1,95,407	2.18
General Public/others	23,33,251	39.01	34,99,876	39.00
Sub Total (B)	**31,63,879**	**52.89**	**47,45,819**	**52.89**
GRAND TOTAL (A+B)	**59,82,062**	**100.00**	**89,73,093**	**100.00**

The Pre Issue shareholding is as on 31st December 2005.

**** Assuming all the shareholders apply for and are allotted Equity Shares. Shares pursuant to conversion of warrants not considered.***

Note: Total Foreign Shareholding i.e., sum of FIIs, NRIs and OCBs holdings is 1,51,783 equity shares of Rs 10/- each represents 2.54% of total equity.

SHAREHOLDING OF PROMOTER GROUP

The shareholding pattern of the Promoter, relatives of the Promoter, Promoter Group, Directors of the Promoter Group as on 6th February 2006 is as detailed below:

Particulars	No. ofEquity Shares	% toPresent Equity
PROMOTERS		
DEEPAK CHIMANLAL MEHTA	9,46,959	15.82
CHIMANLAL KHIMCHAND MEHTA	1,25,000	2.09
STIFFEN CREDITS AND CAPITAL PVT. LTD.	4,59,251	7.67
CHECKPOINT CREDITS AND CAPITAL PVT. LTD.	3,96,691	6.63
STEPUP CREDITS AND CAPITAL PVT. LTD.	3,79,000	6.33
STIGMA CREDITS AND CAPITAL PVT. LTD.	3,38,582	5.66
SKYROSE FINVEST PVT. LTD.	1,72,700	2.88
Total (A)	**28,18,183**	**47.11**

DIRECTORS OF THE PROMOTER GROUP/ PROMOTER/ ISSUER COMPANY

SHRENIK KASTURBHAI LALBHAI	8,290	0.13
SHYAM SUNDER AGGARWAL	15,814	0.26
Total (B)	**24,104**	**0.39**
Total Promoter , Promoter Group and Directors of the Issuer Company Holdings (A) + (B)	**28,42,287**	**47.50**

One of the Promoters Mr Ajay C Mehta does not hold any shares in the Company.

The promoters/directors/associates intend to subscribe to their entitlement in this rights issue in full. In case of under subscription, promoters/directors/associates have undertaken vide their letter-dated 16th December, 2005 to subscribe to the unsubscribed portion in full. Presuming no subscription is received from other shareholders, the promoters' shareholding shall increase to 64.74% of the post rights issue equity capital of the Company. The allotment to the promoters/directors/associates, even if they subscribe to unsubscribed portion as undertaken, will not result in public shareholding falling below the permissible minimum level. Thus the provisions of clause 17 of SEBI (Delisting of Securities) Guidelines 2003 are not applicable.

1) The promoters vide their letter dated 16th December 2005 have confirmed that they intend to subscribe to the promoters entitlement in full either through self or by renouncing the said holding in favour of other Promoter / Promoter Entities / companies entirely held and controlled by them. The acquisition of additional securities or subscription to the shortfall shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Further, this acquisition will not result in change of control of the management of the Company. The promoters undertake to accept full conversion of warrants being offered and allotted to them through this Rights Issue

2) The promoters have given an undertaking that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the" permissible minimum level" on the basis of which the securities of the Company continue to be listed they will either individually or jointly with other Promoters make an offer for sale of their holdings so that the public shareholding is raised to the "permissible minimum level" within a period of 3 months from the date of allotment in the proposed Issue as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

   As Subscribers to the equity shares with detachable warrants, the Promoters/Promoter Group will be entitled to receive warrants, the exercise of which will be determined during the Warrant Exercise Period.

3) There are no buyback, standby or other similar arrangements for purchase of Equity Shares offered through this Letter of Offer by the Promoter Group, Directors and the Lead Managers.

4) Promoters' Contribution and lock-in provisions: The provisions relating to promoters contribution and lock in period are not applicable to Rights Issues as per clause 4.10 (c) of SEBI DIP Guidelines 2000.

5) Top Ten Shareholders of the Company as on the date of filing of the Letter of Offer with Stock Exchange i.e. as on 27th February 2006.

Name of the shareholder	No. of Shares	% age to the Capital
DEEPAK CHIMANLAL MEHTA	9,46,959	15.83
STIFFEN CREDITS AND CAPITAL PVT. LTD.	4,59,251	7.68
CHECKPOINT CREDITS AND CAPITAL PVT. LTD.	3,96,691	6.63
STEPUP CREDITS AND CAPITAL PVT. LTD.	3,79,000	6.34
STIGMA CREDITS AND CAPITAL PVT. LTD.	3,38,582	5.66
GENERAL INSURANCE CORPORATION OF INDIA	2,02,038	3.38
SKYROSE FINVEST PVT. LTD.	1,72,700	2.89
CHIMANLAL KHIMCHAND MEHTA	1,25,000	2.09
GAURAV SANGHVI	1,00,000	1.67
DCS INFOTECH PVT. LTD.	86,935	1.45
Total	**32,07,156**	**53.62**

6) **Top Ten Shareholders of the Company 10 days before filing Letter of Offer with Stock Exchange i.e. as on 16th February, 2006.**

Name of the shareholder	No. of Shares	% age to the Capital
DEEPAK CHIMANLAL MEHTA	9,46,959	15.83
STIFFEN CREDITS AND CAPITAL PVT. LTD.	4,59,251	7.68
CHECKPOINT CREDITS AND CAPITAL PVT. LTD.	3,96,691	6.63
STEPUP CREDITS AND CAPITAL PVT. LTD.	3,79,000	6.34
STIGMA CREDITS AND CAPITAL PVT. LTD.	3,38,582	5.66
GENERAL INSURANCE CORPORATION OF INDIA	2,02,038	3.38
SKYROSE FINVEST PVT. LTD.	1,72,700	2.89
CHIMANLAL KHIMCHAND MEHTA	1,25,000	2.09
GAURAV SANGHVI	1,00,000	1.67
INDIA EMERGING OPPORTUNITIES FUND LIMITED	88,868	1.49
Total	**32,09,089**	**53.65**

7) **Top Ten Shareholders of the Company two years before filing Letter of Offer with Stock Exchange i.e. as on 27th February 2004.**

Name of the shareholder	No. of Shares	% age to the Capital
DEEPAK CHIMANLAL MEHTA	9,46,459	16.46
UNIT TRUST OF INDIA	4,80,571	8.36
STIFFEN CREDITS & CAPITAL PVT. LTD.	4,59,251	7.99
CHECKPOINT CREDITS & CAPITAL PVT. LTD.	3,96,691	6.91
STEPUP CREDITS & CAPITAL PVT. LTD.	3,79,000	6.59
STIGMA CREDITS & CAPITAL PVT. LTD.	3,38,582	5.89
RAJENDRA A. SHAH	1,25,000	2.17
DCS INFOTECH PVT. LTD	63,167	1.10
MAYUR MANGALDAS KOTHARI	61,478	1.07
DHIRAJLAL D KAPASI	38,700	0.67
Total	**32,89,399**	**57.21**

8) The total number of members of the Company as on February 28, 2006 (Record Date) is 8866**.**

9) During the last six months, there have been no transactions on the Stock Exchanges in the shares of the Company by the Promoter/Promoter Group/Directors.

10) The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue, for incurring expenditure on the Objects of the Issue.

11) The existing Equity Shareholders of the Company do not hold any warrant, option or convertible loan or any debenture, which would entitle them to acquire further shares in the Company.

12) The Company does not have any partly paid up equity shares.

13) The Equity Shares offered through this Rights Issue will be fully paid-up.

14) Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public Issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue

of bonus or rights or public issue of shares or any other securities during the period of six months from the date of listing of the Equity Shares issued under this Letter of Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

15) The promoters, directors and Lead Managers to the Issue have not paid any amount, whether direct or indirect and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person.

16) The total number of members of the Company as on 31st January 2006 are 8872 .

17) No shares have been allotted through public issue in the last two years nor has the Company bought back its equity shares in the last six months.

18) At any given time, there shall be only one denomination of the Equity Shares. The Company shall comply with disclosures and accounting norms as may be specified by SEBI from time to time.

19) As per Clause 3.7.1 of the Guidelines, an eligible company shall be free to make public or rights issue of equity shares any denomination determined by it in accordance with sub-section (4) of section 13 of the Companies Act, 1956 and compliance with the norms as specified by SEBI in circular no. SMDRP/POLICY/CIR- 16/99 dated June 14, 1999 and other norms as may be specified by SEBI from time to time. At any given time, there shall be only one denomination of the equity shares of the Company.

20) Shares covered by order of Courts.

The existing Equity Shares of the Company include 1140 shares of Rs 10/- each, which are the subject matter of various suits filed in the courts/forum by the third parties. The rights on these shares will have to be kept in abeyance, pending disposal of the case.

The existing Equity Shares of the Company also include 19080 shares of Rs 10/- each, in lieu of 95,400 equity shares of erstwhile Aryan Pesticides Ltd, amalgamated with the Company upon the Scheme of Amalgamation approved by the High Court at Mumbai and Gujarat High Court, which were kept in abeyance by erstwhile Aryan Pesticides Ltd. before the amalgamation. The rights on these shares will be kept in abeyance.

21) The Lead Manager and the Issuer shall make all information available to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatever including at road shows, presentations, research or sales reports etc.

IV. OBJECTS OF THE ISSUE

The Company proposes the present issue to:

1. Consolidation/Expansion/Relocating the existing Manufacturing facilities.
2. Fund the New Projects
3. General Corporate Purposes including Acquisitions and Strategic Investments.
4. Meet the expenses of the Issue.

The main object clause of the Memorandum of Association and the objects incidental or ancillary to the main objects enables the Company to undertake existing activities and the activities for which the funds are being raised in the issue.

Fund Requirements :

The proceeds from the issue will be used to create infrastructure for growth, to consolidate the Company's position in the existing markets and to make in-roads into new markets. The Company proposes to finance new capital projects, capital expenditure for relocating/consolidation of existing manufacturing facilities at Pune, new acquisitions and general corporate purpose including strategic initiatives such as financing acquisitions and strategic investments.

The following table sets out the proposed expenditure expected to be incurred upto March 2008 :

(Rs in lacs)

Name of the Project	**Amount of Funding Required**
Consolidation/Relocation of the Existing Manufacturing Facilities	
Relocation and consolidation of our existing facilities	3,102.71
Funds for the New Projects	
Nitro & Hydrogenation Rationalisation	2,537.85
Imaging Chemicals/ Speciality Chemicals/ Life Science Intermediates	4,492.14
Strategic Acquisitions and General Corporate Purpose	
Strategic Investments and Acquisitions	4,000.00
General Corporate Purpose	1,000.00
Issue Expenses	43.00
Total Fund Requirements	**15,175.70**

The aforesaid fund requirement is based on the current business plan of the Company. In view of the highly competitive and dynamic nature of the industry in which the Company operates, the Company may have to revise its business plan from time to time and consequently its fund requirements may also change. This may require rescheduling of capital expenditure programmes or the composition of fund deployment.

Funding Plan (Means of Finance) :

The above requirements of funds is proposed to be met as follows :

(Rs. In Lacs)

Proceeds of the right issue - 29,91,031 shares of Rs. 10/- each issued at premium of Rs. 140/- per share #	4,486.54
Proceeds from sale of Fixed Assets - Non-operational Income	3,000.00
Fund raising from conversion of share warrants 14,95,516 warrants converted at the conversion price of Rs 250/- per equity share *	3,738.79
Internal Accruals	1,950.37
Debt Funding from Commercial Banks/Financial Institutions	2,000.00
Total	**15,175.70**

 # In case of an undersubscription, the promoters have confirmed that they intend to apply for additional equity shares in the issue such that at least 90% of the issue size is subscribed. Any further shortfall will be met by additional borrowings.

***Assuming all the warrants are converted into equity.**

In case of Non-Exercise of Warrants, the company will make arrangement for alternative sources of funds by Internal Accruals or by additional borrowings. The Company's Balance Sheet is strong enough for such purpose.

Details Regarding the Term Loan :

- **Brief terms of the sanction from Exim Bank is mentioned below :**

Name of the Bank/Financial Institution	EXIM Bank
Rate of Interest	7.50 % per annum, payable quarterly with interest reset at the end of two year from the date of first disbursement and every two years thereafter.
Repayment	9 half yearly equal instalments at the end of one year from the date of first disbursement
Security	First *pari passu* mortgage and charge on the entire immovable properties and movable fixed assets of the Company both present and future
Service Fees	0.50% of the sanctioned amount i.e., Rs. 10,00,000/- plus Service Tax @ 10.20% payable upfront and non-refundable

Notes:

- The Company confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the issue have been made.
- No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associates or group companies.
- Term loan amounting to Rs 2000 lacs have already been sanctioned by Financial institution/Bank.

COST OF THE PROJECT

1 New Capital Projects

In order to meet the growing requirements of domestic and international market, the Company intends to incur additional capital expenditure on various capital projects. The break-up of the capital expenditure proposed to be undertaken is as given below -

(Rs. in lacs)

Sr. No	Details of the Project	Organic Intermediates	Fine & Speciality Chemicals	Others	Total Cost
1.	Land & Site Development	10.12	216.88	200.00	427.00
2.	Buildings and Civil Works	449.40	1,239.52	234.18	1,923.10
3.	Plant & Machinery	1,544.66	3,096.46	751.78	5,392.90
4.	Other Equipments and Fixed Assets	65.00	566.30	–	631.30
5.	Erections and commissioning	322.55	547.87	230.38	1,100.80
6.	Electricals, Insulation, Safety etc (including insurance and other incidental cost)	65.00	134.90	12.00	211.90
7.	Provisions for Contingencies	81.37	292.92	71.41	445.70
	Total	**2,538.10**	**6,094.85**	**1,499.75**	**10,132.70**
8.	**General Corporate Purposes**				**1,000.00**
9.	**Acquisitions & Strategic Investments**				**4,000.00**
10.	**Issue Expenses**				**43.00**
	Total Fund Requirements				**15,175.70**

PROJECT DETAILS:

The Company is proposing to invest the funds to be raised from issue in part financing the following projects, the details of which are discussed in subsequent paragraphs.

1. Relocation and Consolidation of Our Existing Facilities

2. Nitro & Hydrogenation Rationalisation

3. Imaging Chemicals/Speciality Chemicals/Life Science Intermediates

Project-wise details are as given below -

I. Relocation and Consolidation of Our Existing Facilities

Brief Details about the Project

In line with the Company's vision to become major Export Player in the Fine & Speciality Chemicals market and as a long term strategy of tying up with Global Customers for long term Supplies, Company is proposing major investments in Fine & Speciality Chemicals and is having three major Projects in this line which are -

- Resorcinol shifting to Vadodara
- DEM & DEMAP shifting to APL, Roha
- PANA, MAP & DEMAP Derivative Plants & Utilities relocation
- SDC Utility & other plant relocation
- R&D Pilot Plant relocation

1. <u>Resorcinol manufacturing shifting to Vadodara</u>

Salient Features

1 This project consists of the relocation of existing resorcinol plant at SDC.

2 The plant will be shifted to DNL Vadodara alongwith all usable equipments, pipelines and fittings.

3 Plant will be setup in a new building. Capacity of the plant will be same as that of SDC (600 TPA).

4 The project will also include ETP upgradation, energy conservation and process optimization.

5 New tankfarm will also be developed for storage of some of the raw materials.

Major Cost Break-up of the Project

Sr. No	Item	Project Cost (Rs. Lacs)
1	Equipment dismantling, transportation and erection	18.70
2	a) Fusion kettle - 1 No, Rs. 5 lacs	12.50
	b) Furnace - 5 Nos - Rs. 7.50 lacs	
3	Overhauling of the rotating equipments	24.00
4	Replacement of existing equipments	45.65
5	New equipments	7.50
6	New Building along with structural material	190.00
7	Professional Charges	15.00
8	Demolishing of existing civil structure where proposed plant is coming	2.00
9	Safety Installations	5.00
10	Piping (Material + Labour) including valve overhauling	40.00
11	Electrical	43.00
12	Instrumentation	15.00
13	Insulation	15.00

Sr. No	Item	Project Cost (Rs. Lacs)
14	Painting	10.00
15	Insurance	5.00
16	ETP Expansion	100.00
	Total Cost	**548.35**
17	Contingencies (Approx 5%)	31.50
18	Conversion of Burner from FO to RLNG	7.50
19	Conversion of agitator assembly in Sulfonator	12.50
	Total Project Cost	**600.00**

2. DEM & DEMAP Shifting to APL

Salient Features

1 DEMAP plant (60 TPM) will be relocated from SDC, Pune to APL, Roha and set up at one of the existing buildings.

2 The existing DNL process will be followed.

3 The finishing step of DEMAP will be kept multipurpose to handle similar amino compounds.

4 ETP upgradation will be done to take care of additional load.

Major Cost Break-up for the Project -

S.N.	DESCRIPTION	TOTAL COST (Rs in Lacs)
1	Equipment	85.50
2	Duties & Taxes	25.77
3	Dismantling & Transportation of Existing Equipment	16.00
4	Land Development cost	12.00
5	Civil & Structures	52.24
6	Insurance	2.00
7	Professional Charges	6.00
8	Mechanical	87.00
9	Electrical	72.00
10	Insulation	35.00
11	Painting	9.00
12	Instrumentation	25.00
13	ETP Upgradation	50.00
	TOTAL COST	**477.51**
14	Contingencies (5%)	23.88
	TOTAL PROJECT COST	**501.38**

3. DEMAP Derivatives and other Fine Chemicals Utility Shifting

Salient features of the Project :

- There are environmental concerns associated with future growth of the Pune plant at its present location. This is specifically because of the urbanisation of the areas surrounding our factory.
- The heightened concerns and overall approach of society towards manufacturing activity in general and specifically chemical manufacturing within city limits also puts pressure on logistic viz., loading/unloading and storage of chemicals and other logistic issues.

- It is a fact that the Government may not allow any expansion or growth at the present site since the nature of industry and product type are of chemicals nature. This has directly affected the profitability of the unit and in turn that of the Company.
- Octroi @ 3% within municipal corporation limits, have gradually eroded the margins available.
- Various overheads associated with the present location are beyond the control of the management, yet these locational disadvantages make it more difficult to effectively compete with cheap imports and other domestic manufacturers whose factories are located at low cost locations.
- There are other advantages in relocation of our facilities at SDC to Vadodara and Roha including proximity to our main user industries and other cost savings including proximity to Economical port area. It also gives us advantage to expand and modify our product line to achieve economy of scale.

Major Cost Break-up of the Project

SR. NO.	DESCRIPTION	RS. LACS
1	Dismantling / Shifting / Erection	44.00
2	Professional Charges Incl. Civil	15.00
3	Insurance	5.00
4	Land & Development	75.00
5	Civil & Structure	69.49
6	Mechanical	42.00
7	Electrical	30.00
8	Insulation	13.00
9	Instrumentation	34.00
10	Painting	10.00
11	Safety Installations	15.00
12	ETP (New Installation)	125.00
	TOTAL COST	**477.49**
13	Contingency (5% of Total Cost)	23.82
	TOTAL PROJECT COST	**501.31**

4. R&D & Pilot Plant relocation

Salient Features

1 R & D is being temporarily relocated in CSIR Laboratory being located in the NCL premises. We are in the process of finalising the new permanent location for shifting up of our R&D set up.

2 Pilot plant will be relocated to Roha site. This also includes facility for custom manufacturing.

3 R & D will be finally relocated in an independent site near Mumbai/Pune. To take advantage of Pune's predominent educational base and rapidly growing R&D centre in Pune-Mumbai corridor.

4 This would be a world class R & D center catering to both needs of DNL as well as enable us top enter custom research opportunities.

Major Cost of the Project

SUMMARY DETAILS	Rs. LACS
Land & Infrastructure	200.00
QA & Other Equipments	250.00
Modules (Synthetic Laboratory Modules)	350.00
Buildings & Miscellaneous	150.00
Erection & Commissioning	180.00
Pilot Plant Shifting	225.20
DRDF Shifting	88.32
TOTAL COST	**1443.52**
Contingencies (5%)	56.50
TOTAL PROJECT COST	**1500.02**

II. Nitro & Hydrogenation Rationalisation Organic Intermediates

Brief Details about the Project

Unit processes like chlorination, nitration and hydrogenation are key drivers for our growth strategy. We plan to

- ❖ Expand and rationalise capacity
- ❖ Bring flexibility to Plant configuration
- ❖ Make new value added downstream derivatives - (Go up the value chain)

In the Organic Segment the Industry is consolidating and as such offers lot of opportunities to lead players. Considering our strength in these Products Company is planning to invest substantial amount in the following projects -

- ❖ Multipurpose Nitration and distillation Stream and Hydrogenation Plant for Chloro Nitro Organics.

1. Multipurpose Nitration and distillation Stream and Hydrogenation Plant for Chloro Nitro Organics.

Salient Features

1 The Company has an established business in nitration products at Vadodara & Roha. The Company proposes to expand & restructure this business by adding one more nitration stream either at Vadodara or Taloja.

2 The capacity of this stream will be identical to the existing modules. This will give better flexibility in the existing product mix. Also the Company proposes to reduce freight component in the product mix.

3 This will involve a multipurpose Hydrogenation plant to be setup at Vadodara to cater down stream products of nitro benzenes & Nitro toluenes

4 The plant will be initially setup using bottled hydrogen the same will be replaced by piped hydrogen at a later date.

5 This project would also envisage a restructuring /expansion of Hydrogenation capacity at TCD to take it from 1050 TPM to 1350 TPM.

6 The existing hydrogenators from Roha will be relocated for this project.

Major Cost of the Project

(Rs. Lacs)

Sr. No.	DESCRIPTION	Total Cost
1	Process Equipment cost	850.64
2	Utility Equipment cost	217.00
3	Taxes on above equipment (Sales Tax, P&F, Freight & Insurance)	106.35
4	Equipment erection	95.20
5	Piping & Pipe rack	315.61

(Rs. Lacs)

Sr. No.	DESCRIPTION	Total Cost
6	Electrification (Transformer, LT, PCC, MCC Panels, Motors and Cables)	102.16
7	Instrumentation with DCS (reputed make)	175.00
8	Insulation	46.08
9	Civil (Structural, Building, Foundation, Lining, Tank farm foundation)-CIVIL	374.87
10	Painting	38.57
11	Heat trasing	15.00
12	Professional charges	55.00
13	Laboratory Instruments	65.00
14	Contingencies (3.50%)	81.37
	GRAND TOTAL OF PROJECT COST	**2537.85**

III. Imaging Chemicals/Speciality Chemicals/Life Science intermediates

Brief Details about the Project

As mentioned earlier in this Letter of Offer, the Company is concentrating on growth in Fine & Speciality chemicals and is striving to achieve this success, it is proposed to expand its various capacities in relation to following projects:-

- ❖ Imaging Chemical intermediates expansion at APL from 500 TPA to 1200 TPA along with MMA Project.
- ❖ Speciality Intermediates at new Plot at Roha with Plot development and new infrastructure.
- ❖ Pharma & Agro intermediate Plant.

Salient features of each project

1. Imaging Chemical intermediates expansion

Salient Features

1 This project is for expansion of presenting imaging chemicals intermediates business from 500 TPA to 1200 TPA at Roha.

2 This capacity enhancement is along with introduction of better technology.

3 The Company will be also producing the raw materials for the said plant at the same site.

Major Project Cost of the Project

Sr. No.	SUMMARY DETAILS	Rs. in Lacs
1	Equipment	715.20
2	Duties & Taxes	135.90
3	MSEB Express Feeder	40.00
4	Civil & Structures	236.70
5	Land & Development cost	48.50
6	Professional Charges	33.00
7	Ware House, Utility Infrastructure & TF ETC	80.30
8	Mechanical	195.00
9	Electrical	101.00
10	Insulation	42.00
11	Painting	29.00
12	Instrumentation	124.00
13	ETP Set Up	80.00
14	Preoperative & Misc Expenses	45.00
	Total Cost	**1905.60**
15	Contingencies (5%)	95.30
	Total Project Cost	**2000.90**

2. Advance Life Science Intermediates & Speciality Chemical Plant

Salient Features

1 This is a multipurpose speciality chemicals plant for a capacity of 2000 TPA. This would primarily be high value added products related to existing business segments

2 These would also be producing certain intermediates required in some of the existing business.

3 This would be located at the unutilized plot at Roha and Vadodara after developing suitable infrastructure.

4 The Company will be utilizing the vacant Plot at Roha for this project.

5 The overall capacity of products would be around 600 TPA for Speciality Chemicals

6 The Company will also be developing specialized expertise / infrastructure to meet requirements of this business sector.

Major Cost of the Project

Sr.No.	SUMMARY DETAILS	Total Cost
1	Equipments	855.40
2	Duties & Taxes	246.60
3	Equipment shifting & GMP Area	216.80
4	Civil & Structure	223.60
5	Professional Charges	85.40
6	Mechanical	246.40
7	Electrical	140.10
8	Instrumentation	116.70
9	Insulation	66.70
10	Painting	45.10
11	Insurance	14.90
12	Safety Installations	11.10
13	ETP upgradation	103.90
	Total	**2372.70**
14	Contingency (5%)	118.64
	Total Project Cost	**2491.34**

Appraisal

As some of the projects mentioned hereinabove have already been started and have been financed through internal accrual, the individual Projects have not been appraised by any of the Financial Institution/Bank. .

Schedule of Implementation

The project envisages relocating of the entire facilities existing at SDC Plant, installation of various Plants and Machinery for these Projects.

	Particulars	Date of Completion of							
Sr. No.	Main Projects	Sub-Projects	Land & Site Development	Buildings & Civil Work	Plant & Machinery	Misc Fixed Assets, Piping etc.	Erection & Commis-sioning	Electricals, Insulation, Safety etc (including insurance and other incidental cost)	Completion and Commercial Productions
1.	Resorcinol Shifting to Vadodara		Oct 05	March 06	March 06	April 06	April 06	April 06	April 06
2.	DEM & DEMAP Shifting	DEM Shifting	Dec 05	Jan 06	Feb 06	N.A	March 06	March 06	April 06
		DEMAP Shifting	March 06	May 06	June 06	July 06	July 06	August 06	August 06
3.	PANA, MAP, DEMAP derivatives & Utility Shifting	June 06	July 06	August 06	August 06	October 06	September 06	October 06	October 06
4.	R&D and Pilot Plant Relocation	Immediate Plan - Phase I		Nov 05	Dec 05		Jan 06	Feb 06	Feb 06
		Immediate Plan -Phase II		Dec 05	Jan 06		Jan 06	Jan 06	Jan 06
5.		Final implementation	July 07	Oct 07	Dec 07		Dec 07	Dec 07	Dec 07
6.	Nitration & Hydrogenation Plant Expansion		July 06	Dec 06	Jan 07	Feb 07	Mar 07	March 07	March 07
7.	Imaging Chemical Intermediate Expansion		May 06	Sep 06	Dec 06	Feb 07	Jan 07	March 07	March 07
8.	Advance Intermediates life Sciences & Speciality Chemicals		Dec 06	Jan 07	Oct 07	Dec 07	Dec 07	Nov 07	Jan 08

2. Acquisitions and Strategic Investments

In addition to the company's proposed capital expenditure, it is also a key component of the Company's strategy to grow through acquisitions and strategic partnerships. These initiatives will be governed by the Company's long-term goals and other business objectives. The Company has accepted acquisition as one of the strategy it would adopt for growth in the areas of Business where the Company is focusing on. While identifying any new acquisition the Company would weigh the pros and cons in terms of Project cost savings and time saving vis-à-vis setting up a "Greenfield project ". Accordingly, the Company would be looking for suitable opportunities of acquisitions, joint ventures or any other strategic investments in the identified growth areas. The Company in the past, has grown its business and operations through organic and inorganic routes. Going forward, the Company believes that strategic investments and acquisitions will act as an enabler for its business..

3. General Corporate Purposes

The Company seeks to further enhance its position as one of the leading Indian Fine and Speciality Chemicals manufacturer through various initiatives. In addition to continued investments as stated above, the company intends to enhance their capabilities through new information technology infrastructure by way of ERP implementation across the organisation to support their marketing and production to cater to total requirements of the Customer. Company has already tied up with TCS as implementation partner for implementation of Oracle as ERP Package. As a part of relocation and shifting of SDC Plant, the Company is in the process of relocating its manufacturing operation from Pune to other existing units. The workers and staff who have not opted for transfer were offered VRS. The Company has incurred an expense of Rs. 564.54 lacs towards the same.

FUNDS DEPLOYED

The Company has deployed Rs 1505.86 lacs on the Projects including that for general corporate purpose as mentioned above. M/s Navnit Shah and Co; Chartered Accountants vide their letter dated 15th February 2006 have given a certificate detailing the amount spent for the Resorcinol Shifting to Vadodara Project after the examination of financial records of the Company and has certified that the Company has incurred Capital Cost of Rs 5,05,00,864/- upto 14th February 2006

M/s S. A. Foujdar & Co; Chartered Accountants vide their letter dated 16th February 2006 have given a certificate detailing the amount spent towards two projects viz. DEM & DEMAP shifting (Rs 45,05,483/-) and Pilot Plant Relocation Project (Rs 2,45,56,974/-) totalling to Rs 2,90,62,457/- upto 31st January 2006.

M/s S. A. Foujdar & Co; Chartered Accountants vide their letter dated 16th February 2006 have given a certificate detailing the amount spent towards R & D Relocation Project amounting to Rs 1,45,69,022/- upto 31st January 2006.

M/s S. A. Foujdar & Co; Chartered Accountants vide their letter dated 17th February 2006 have given a certificate detailing the amount spent towards Voluntary Retirement Scheme upto 5th October 2005 amounting to Rs 5,64,54,135/-.

All these amount have been deployed out of the internal accruals.

DETAILS OF BALANCE FUND DEPLOYMENT

The issue Proceeds would be deployed over the next two years as given below –

Rs in Lacs

Utilisation of Funds	Already incurred	Feb 06 to March 06	April 06 to Sep 06	Oct 06 to Mar 07	Apr 07 to Sep07	Oct 07 to March 08	Project Cost
Land & Site Development	4.00	10.00	137.45	65.40	210.15	–	427.00
Building and Civil Work	312.70	15.32	477.59	967.49	150.00	–	1923.10
Plant, Machineries and Equipments	403.37	0.00	236.83	2740.72	1411.98	600.00	5392.90
Misc Fixed Assets	78.77	21.23	175.00	201.30	155.00	–	631.30
Erection and Commissioning	129.08	0.00	139.00	476.30	356.42	–	1100.80
Electrical Installations, Safety, Insulation(including all other incidental Expenses)	13.40	20.60	26.00	106.00	45.90	–	211.90
Other Misc. Exps including Commissioning and Final Installation	–	–	53.05	136.17	81.37	175.11	445.70
Sub Total	**941.32**	**67.15**	**1244.92**	**4693.38**	**1853.50**	**1332.43**	**10132.70**
General Corporate Purpose	564.54	–	435.46	–	–	–	1000.00
Acquisitions and Strategic Investments	–	–	–	–	–	–	4000.00
Total Fund Requirements	**1505.86**	**67.15**	**1680.38**	**4693.38**	**1853.50**	**1332.43**	**15132.70**

Utilisation of Funds

As per the Company's current business plans, the company intends to utilize the proceeds for the purposes as specified above. These fund requirements are based on its current business plans. In view of the competitive and dynamic nature of the industry in which the Company operates, the Company might have to revise its business plans from time to time and consequently its fund requirements may also change. This may include rescheduling of the Company's capital expenditure plans and changes to its capital expenditure for a particular purpose vis-à-vis current plans at the discretion of the Board. The project has been solely formulated by the Management and has not been appraised independently by any agency nor is there any institutional exposure in the same.

Interim use of Funds

Pending utilization for the purposes described above, DNL intend to temporarily invest the funds in high quality, interest/ dividend bearing liquid instruments including deposits with banks for the necessary duration and investment in debt mutual funds and Government securities and for reduction of Working capital requirements as stated under the undertaking given for utilization of Issue proceeds on page 168 of this Letter of Offer.

Such investments would be in accordance with investment policies approved by the Board from time to time.

Shortfall of funds

All the projects mentioned in the offer letter are in progressing stage and hence the shortfall in funds, if any, shall be met by Internal accruals.

BASIS FOR ISSUE PRICE

Investors should read the following summary with Risk Factors and the details about the Company and its financial statements included in this Letter of Offer. The trading price of the Equity shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors:

- Started with an Investment of Rs 13 million in 1972, has grown over the last 25 years to Rs 60 million.
- "Deepak Investors Welfare Scheme", the first of its kind providing the Personal Accident Insurance Coverage for all the Shareholders.
- Accredited with ISO 9002 certificate for all Division.
- Received Sir P. C. Ray award for the best chemical unit in India.
- Largest producer of Nitrites & Nitrates by the Ammonia oxidation process.

Quantitative Factors:

1. Adjusted Earnings per share (EPS) (Rs.)

	EPS (Rs.)	Weights
a) 2003	19.99	1
b) 2004	16.10	2
c) 2005	17.44	3
d) Weighted Average	**17.42**	**6**

2. Price Earning Ratio in relation to the Issue Price of Rs 150/- per share

Based on Mar 31, 2005 EPS	8.60
Based on Weighted Average EPS	8.61
Industry P/E*	
i. Highest	67.2
ii. Lowest	1.9
iii. Average	21.8

***Source: Capital Market Volume XX/24 Dated January 30 – February 12, 2006; Industry: Chemicals**

The Company is in the Chemicals Business. The accounting ratios of companies in the Industry Group (Chemicals) are as follows:

Company	EPS (Rs)	P/E Ratio	RONW (%)	NAV (Rs)
Deepak Nitrite Ltd year ended 31.03.05	17.44	8.60	13.30	131.11
Aarti Industries Ltd	11.50	11.80	23.40	56.50
Punjab Chemical & Crop Protection Ltd	17.20	13.90	23.10	23.10

Source: The EPS, P/E, Return on Net Worth and Net Asset Value per Equity Share is as per the Audited restated financial statements. Sources for other information is Capital Market Volume XX/24 Dated January 30 – February 12, 2006; Industry: Chemicals

3. Return on Net Worth

		RONW (%)	Weights
a)	March – 2003	17.35	1
b)	March – 2004	12.77	2
c)	March – 2005	13.30	3
d)	**Weighted Average RONW**	**13.80**	**6**

Minimum Return on total Net Worth after Offer needed to maintain EPS at Rs. 17.44 is 19.95 %.

4. Net Asset value (NAV) per Equity Share (Rs.)

a. As on March 2005	131.11
b. After the issue	138.06
c. Offer Price	150

5. Offer price of Rs. 150/- per share is 15 times of the face value of Rs. 10/- per share

Apart from the reasons mentioned above, the Company and the Lead Manager to the Issue, in consultation with whom the premium has been decided, are of the opinion that the premium is reasonable and justified.

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

Statement of Tax Benefits

The Auditors of the Company vide their letter dated 20th December, 2005 have confirmed the following tax benefits :

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For B. K. Khare & Co.,
Chartered Accountants

Sunil Bhandari
Partner
Membership No.37388

Place : Mumbai

Date : December 20, 2005

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

I. Benefits available to the Company :-

Under the Income Tax Act 1961(referred to as the Act).

1. The Company will be entitled to claim depreciation allowance at the prescribed rates on Tangible and Intangible Assets under Section 32 of the Act.
2. The Company will be entitled to deduction of the whole of capital expenditure (other than on land) incurred on scientific research related to the business carried on by the Company in the year in which such expenditure is incurred, in accordance with the provisions of Section 35 of the Act.
3. Dividend Income referred to u/s 115-O of the Act in respect of Units from the Unit Trust of India and income in respect of Units from a Mutual Fund u/s 10(23D) of the Act will be exempt in the hands of the Company u/s 10(35) of the Act.
4. Any income by way of Dividend referred to u/s 115-O of the Act is exempt in the hands of the Company.
5. Pursuant to the Scheme of Amalgamation of M/s Aryan Pesticides Limited with the Company, the Company is entitled to setoff Unabsorbed Business Loss / Depreciation of M/s Aryan Pesticides Limited u/s 72A of the Act.
6. In respect of the Power Generation Plant set-up by the Company at Nandesari, Company will be entitled to a deduction of 100% for any 10 consecutive assessment years at its option out of the initial 15 years under Section 80IA of the Act in respect of the profits derived from the Generation or Generation and Distribution of Power.

II. Benefits to the Members of the Company :-

1. Residents:

(a) By virtue of section 10(34) of the Act, dividend income declared by the Company referred to in section 115-O of the Act is exempt from tax.

(b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being a transaction which is chargeable to Securities Transaction Tax, shall be exempt from tax.

(c) As per the provisions of Section 112(1) (a) and (b) read with proviso to Section 112(1) of the Act, long-term capital gains on transfer of the shares by an Individual, Hindu Undivided Family and Domestic Companies, computed without indexation of cost of acquisition, would be taxed at the concessional rate of 10% (plus applicable Surcharge and Education Cess) in accordance with the provisions of section 112 of the Act. In case of individuals and HUF's, where the total taxable income

as reduced by long-term capital gain is below the basic exemption limit, the long-term capital gain will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to such tax in accordance with the proviso to sub-Section (1) of Section 112 of the Act.

(d) In accordance with Section 48 of the Act, long term-term capital gains arising out of sale of shares of the Company shall be computed after indexing the cost of acquisition/improvement. Under Section 112 of the Act, such gains shall be taxed at the rate of 20% (plus Surcharge and Education Cess as applicable), provided that (the Company's shares being listed securities, as defined) where the tax so payable exceeds 10% (plus applicable Surcharge and Education Cess) of the amount of capital gains computed before indexing the cost of acquisition/improvement, then such excess shall be ignored.

(e) In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

(f) In accordance with, and subject to the conditions and to the extent specified in Section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.

(g) In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the individual or HUF does not own any other residential house.

(h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company, which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable Surcharge and Education cess).

2. <u>Non-Residents</u>:

(a) As per the provisions of Section 10(34) of the Act, dividend income declared by the Company (referred to in Section 115-O of the Act) is exempt from tax in the hands of the non-resident members.

(b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being a transaction which is chargeable to Securities Transaction Tax, shall be exempt from tax.

(c) In accordance with, and subject to provisions of Section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefits will not be available in such a case.

(d) In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

(e) In accordance with, and subject to the conditions and to the extent specified in Section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.

(f) In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the Individual or HUF does not own any other residential house.

(g) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate 20% (plus applicable Surcharge and Education Cess) after indexation as provided in the second

proviso to Section 48 or at 10% (plus applicable Surcharge and Education Cess), without indexation, at the option of the Shareholders.

(h) Under section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company, which is subject to Securities Transaction Tax will be taxable under the Act @ 10% (plus applicable Surcharge and Education Cess)

3. Non-Resident Indians:

A Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Act according to which:

(a) Under Section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (plus applicable Surcharge and Education Cess) while income from long-term capital gains on transfer of shares of the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (plus applicable Surcharge and Education Cess).

(b) Under Section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax to the extent the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of Section 10 of the Act and the new asset is held for a period of at least three years.

(c) Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under Section 139(1) of the Act, if his total income consists only of investment income and/or long-term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act.

(d) Under Section 115H of the Act, where a Non-Resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to the investment income (other than on shares in the Company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.

(e) Under Section 115I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A of the Act for any assessment year, his total income for that assessment year (including taxable income arising from investment in the Company) will be computed according to the other provisions of the Act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.

4. Foreign Institutional Investors (FIIs):

(a) Income by way of dividend (referred to in Section 115-O of the Act) is exempt from tax Section 10(34) of the Act.

(b) Under Section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a company, are taxed as follows:

i) Short term capital gain on transfer of shares entered in a recognized stock exchange which is subject to Securities Transaction Tax shall be taxed @ 10% (plus applicable Surcharge and Educational Cess); and

ii) Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable Surcharge and Education Cess).

(c) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company, are taxed @ 10% (plus applicable Surcharge and Education Cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

(d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in specified bonds and the bonds are held for a period of at least three years.

(e) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s 10(38), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issued by an Indian Public Company within a period

of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date o their acquisition. In addition the shares should be held for at least one year.

5. Mutual Funds:

(a) Under Section 10(23D) of the Act, any income inclusive of dividends from shares, earned by a qualifying Mutual Fund will be exempt from income-tax.

6. Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of

– Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

– Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking is exempt from income tax.

7. Infrastructure Capital Companies / Funds or Co-operative bank

As per the provisions of Section 10(23G) of the Act, income by way of dividends, interest or long term capital gains of

- Infrastructure Capital Company;
- Infrastructure Capital Fund; and
- Co-operative bank

from investment made in share or long term finance in undertakings specified therein shall be exempt from tax.

However, such income earned by an Infrastructure Capital Company shall not be exempt for the purpose of computing tax on book profits u/s 115JB of the Act.

Wealth Tax and Gift Tax:

(A) Assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 do not include shares in companies and hence, these are not liable to wealth-tax.

(B) Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares will not attract gift-tax.

General

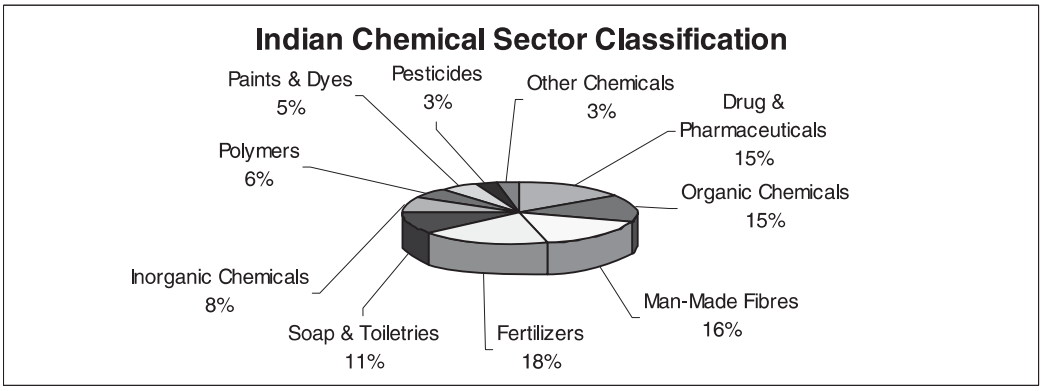
In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

SECTION IV: ABOUT DEEPAK NITRITE LTD

1. INDUSTRY OVERVIEW

Chemical Industry: Overview

- Chemical industry, a multiproduct and multifaceted industry
- Industry is highly heterogeneous encompassing sectors like organic, inorganic chemicals, dyes, paints, pesticides, specialty chemicals, etc.
- In the latest survey carried out by KPMG, it has been estimated that the industry is to attain minimum of $60bn mark by 2010 and in best case scenario it is poised to cross $100bn.
- The broad sectors/segment in which chemical industry is segmented are as given below:



Source: Company

Inorganic Chemicals: Overview

Overview

- Rs. 10800 crore industry (US $ 2.4 billion)
- Has shown steady growth rate of 9% year on year for last three years. (Comparatively higher than global standards)
- Covers a wide spectrum of products - Soda ash, Caustic soda, Sulphuric acid, Chlorine Calcium Carbonate, Hydrogen Peroxide, Potassium Chlorate, Lead Phosphorus, Titanium Dioxide, Aluminium Fluoride, Carbon Black.
- Inorganic chemicals are used mainly in the manufacture of detergents, glass industry, soaps, fertilisers, alkalies, etc.

Industry Structure

- Chemical industry is highly fragmented. Ranges from large units in the public and private sector to small SSI units
- However major inorganic chemicals are dominated by a few large players.
- Units concentrated on the west coast. Maharashtra and Gujarat being the major centres.

Duty Structure

- Protective barriers, particularly import duties, have been continuously lowered in successive budgets since 1991. Present level for most chemicals at 20% from pre liberalisation levies of 150% tariff reduction has been maximum for Caustic Soda, Soda Ash, Polyester Intermediates, Caprolactum, Paraxylene, etc.
- Current duty structure
- Basic duty - 15%
- CVD - 16%
- Education Cess on CVD - 2%
- Custom Cess – 2%

- In some cases industry enjoys protection of anti-dumping duty, which has been continued in accordance with demand from the industry to provide level playing field in terms of duty structure of basic building block, infra-structural parity level with global standards.

Anticipated

- Fastest growing industry since independence and will not see any downturn in near future.
- Growth rate will continue to be 9%+ per annum. Industry average - 6%.
- Slow down in production of a few chemicals due to excess capacity build up expected to surge while most of application industries are migrating manufacturing facilities from EU to India.

Market Characteristics

Industry

- Inorganic chemicals of Rs. 10800 crore market (US $ 2.4 billion). These are essentially commodity chemicals. Availability and price are the key factors determining demand
- Industry dominated by large private companies and Public sector units
- Units concentrated along the West Coast mainly in Gujarat & Maharashtra.

Distribution

- Chemicals sold directly to OEMs & through a distribution channel. Large requirements are directly dealt by the company. At times these are also routed through distributors / dealers in which case the commission is reduced.
- Carbon black supply predominantly to OEMs directly. Chlorine, Caustic soda, Soda Ash, Calcium Carbide, Sodium Chlorate, etc. routed through distributors

Prices

- Prices highly volatile & dependent on
- demand, supply scenario mainly in domestic markets and to some extent international markets
- International prices
- Prices of co-products (caustic soda and chlorine)
- Some prices: Soda Ash - Rs. 11,000/ tonne; Caustic Soda - Rs. 14,000 to 16000/ tonne; Chlorine - Rs. 4,500 to 6000/ tonne

Key Success factors

- Choice of technology, focus on process efficiencies and cost control
- Optimising logistics, production scheduling, inventory management, focussing on by products could also aid businesses
- Growth likely from export markets, hence need to look at export markets

Business Concerns

- Industry is a low 'value add' and some segments are also energy intensive
- Increasing input costs rendering domestic chemical prices higher than imports.
- Excess capacity build up in both domestic and international markets affecting growth of the industry
- Carbon black manufacturers affected by
- Increasing prices of carbon black feedstock (affecting profitability)
- Reduction in import duty of carbon black
- Substitution by Silica in international markets
- Growing environment consciousness

Future Outlook

- Industry expected to grow at 6 - 7% in the next few years
- Industry will continue to be dominated by organised sector manufacturers
- Excess capacities in the domestic market will be offset by exports
- Companies likely to focus on reducing costs, upgrading technology to improve profitability

Demand Drivers

- Inorganic chemicals often an intermediary product. Hence the demand for these chemicals would depend on the end user industry growth like the glass industry, soaps and detergents, automotive sector, etc.
- Supply demand scenario, prices in global markets also likely to affect production

Organic Chemicals: Overview

Overview

- Organic chemical is a compound containing Carbon, Oxygen, Hydrogen as the main constituents
- Covers a wide spectrum of chemicals - Acetic acid, Methanol, Formaldehyde, Acetone, Acetic Anhydride, Phenol, Nitrobenzene and other petrochemical range of products etc.
- Units concentrated mainly in Gujarat & Maharashtra
- At present, all major organic chemicals are expecting surge in growth.

Chemicals	Installed Capacity ('000 tonnes)	Production: 04-05 ('000 tonnes)
Methanol	400.0	389.6
Formaldehyde	271.5	199.1
Acetic acid	312.1	308.1
Phenol	74.2	75.1
Acetone	63.6	46.7
Acetic anhydride	56.2	40.5
Nitrobenzene	54.00	42.8
Aniline	28.7	15.7
Maleic anhydride	24.4	14.4
PNCB	45.0	42.0
MEK	9.6	7.6
ONCB	22.5	20.0
Nitrotoluenes	12.0	11.7

(Source: ICMA)

Market Industry

- Organic chemicals is a Rs. 20250 Cr. market (US $ 4.5 Bn).
- Being an intermediate, demand totally dependent on end user industry
- Industry suffered from excess capacity build till 02-03, but of late has been experiencing growth in all sectors.
- Industry dominated by large private companies and PSUs.

Distribution

- Chemicals sold directly to OEMs and also through distribution channel for some of the products
- Distribution channel mainly consists of stockists and dealers addressing smaller segments / retail market

Prices

- Domestic prices dependent on imports as international prices are volatile
- Also dependent on demand supply situation

Duty Structure

- Current duty structure
- Basic duty - 15%
- CVD - 16%
- Education Cess on CVD - 2%
- Custom Cess – 2%

Concerns

Key Success Factors

- Usage of right technology
- Economy of scale
- Cost control essential - especially for plants based on old technology
- Feedstock sourcing and prices critical to ensure low cost of production
- Ability to restructure operations
- Focus on export markets

Business Concerns

- Manufacturers using alcohol as feedstock instead of petrochemical - but with decontrol, the prices of molasses have gone up affecting profitability of players.
- Competition from manufacturers using cheaper petrochemical route.
- Industry suffering from over capacity in near past, although on recovery path.
- Being an intermediate industry, with greater volatility in crude price and reverse pressure on end product pricing, contributions are affected to a great level.

Future Outlook

- Industry likely to focus on restructuring operations and creating world scale plants
- Companies likely to focus on reducing costs by changing technology, more and more automation and mechanization.
- Major investments expected in this sector via FDI route.

Demand Drivers

- Organic Chemicals, an intermediary product. Hence demand for these chemicals will depend on the growth of end user industry like PTA, Textile, Pharmaceuticals, Fertilisers, Oil etc.
- Supply - demand situation & international prices are likely to affect production and domestic prices

Fine & Speciality Chemicals: Overview

This area covers a wide range of chemicals & segments like life science, paints, pigments, rubber, polymer either as ingredients in manufacturing process or as additives in formulations.

The chemicals are usually produced in multi-step batch manufacturing and typical plant size are few 100 tonnes to max couple of 1000 tonnes per annum with a price band of 5$ to 25$ per Kg.

It is common for the final patent or brand holder of a agro/pharma/speciality producer to procure the required intermediates from dedicated producers of these fine chemicals.

- Manufacturing requires expertise of several unit processes and elaborate control system to handle complex reactions. The focus is on technically skilled work force.

- Products usually have very strict quality specifications requiring proper quality management systems as well as laboratories to determine purity and identify impurities as per customer requirements
- This industry requires a strong R&D backup to develop and optimise new processes and on ongoing technical support to remain competitive.
- Manufacturing plants are multipurpose in nature and can be reconfigured to make a new product at a short notice.
- High unit price realisations and margins
- Investment for sizeable presence in a product range of Rs. 10 crores to Rs. 20 crores (US $ 2 to 4 mn)

Structure

Industry Structure

- Industry can be divided into
  - (i) Large Indian
  - (ii) MNC subsidiaries
  - (iii) Small Indian Chemical companies
- Industry fragmented with a large number of players
- Major commodity chemical manufacturers due to low margin migrating to speciality chemicals, as it provides higher profitability and low investment

User segments

- Major consumers : Agro and Pharma Sector
- Other users: rubber, paints, color, additives for polymer, oil & fuel
- Emerging applications: Imaging Chemicals, flat panel display, quality of life like UV absorbers, textiles finishes, speciality coatings

Market Characteristics

Industry

- Industry per-se fragmented and characterised by a large number of smaller players in the unorganised sector
- Organised sector dominated by large players as well as MNC subsidiaries with strong links to parent organisation

Market

- Market for speciality chemicals is in excess of Rs. 5000 crores may vary on the category inclusion assumptions.
- This is a predominent export focused market as Europe and US look for cost-effective make or buy assessment
- With India's joining IPR convention, this market is set to grow rapidly as more overseas giants are looking for assured Supplier under long term arrangements.

Prices

- Prices of various products vary from Rs. 200 to 1200 per kg. (US $5 to 25$)

Key Success Factors

- To be able to master and optimise cost effective processes in diverse end use industries
- Forge links with a foreign partner - for inputs on R&D, product development and custom manufacturing
- Focus on specific user markets, exports
- Rapidly changing customer demands creating gap in terms of available specifications and required product.

Concerns

Business Concerns

- Restructuring of businesses on a global scale as well as non-tariff barriers like new regulations "REACH" for European Union.

- Consolidation of various producers/manufacturer will keep the industry competitive.
- Will create formidable 'barriers' for small Indian companies.
- High costs of R&D

Future

Future Outlook

- Emphasis on improvement in process efficiencies and increased productivity driving speciality chemicals demand
- India being looked as a sourcing point by West

Demand Drivers

- New application areas being addressed resulting in wider usage and thereby growth
- Growth of oil, paints, rubber sector will fuel demand for speciality chemicals
- Quality of life products like personal care segment, health & hygiene and cosmetic sectors opening up new demand .
- Life Science (Human and Animal) health as well as plant protection chemicals.

2. BUSINESS OVERVIEW

Brief details about the manufacturing facilities of the company.

Inorganic Intermediates - Nandesari

The Inorganic Intermediates division located in Gujarat is India's largest producer of Sodium Nitrite, manufactured by the ammonia oxidation process. Sodium Nitrite is marketed as a merchant product and also constitutes the basic building block for value-added products such as Hydroxylamine derivatives and DNPT (Blovel), a rubber-blowing agent. This Division is now focusing on new high value products based on Nox chemistry and Redox process.

Organic Intermediates - Nandesari

Deepak Nitrite in early 90's set up a multi-purpose nitration plant with technology from Biazzi, Switzerland.

Located adjacent to the Nitrite Division at Nandesari in Gujarat, this Nitroaromatics Division produces a range of Nitrotoluenes and Nitrochlorobenzenes. The division's expertise extends beyond nitration to relevant Isomer Separation and isolation of pure individual components. Equipped with a sophisticated DCS controlled system, the division's end products are at par with highest international standards. This division also produces Monochlorobenzene for captive consumption.

Organic Intermediates - Taloja

Deepak Nitrite's Taloja Chemical Division, at Taloja (near Mumbai) in Maharashtra, manufactures aromatic amines based on in-house developed technology by catalytic hydrogenation. Continuous supply of hydrogen comes from our group company DFPCL. A recent expansion gives the division the capability to produce several new products based on Reductive Alkylation.

Organic Intermediates and Fine & Speciality Chemicals – Roha/Nandesari

Deepak Nitrite's latest strategic acquisition is Aryan Pesticides Limited. Located at Roha, 120 kms from Mumbai, it is India's largest manufacturer of Paracumidine and the only manufacturer of Xylidines. With expertise in Batch Nitration, Chlorination, Alkoxylation and Hydrogenation, this plant has a synergy with Deepak Nitrite's core strengths and is poised to become a major launching pad for Custom Manufacturing of specialized new products.

Location of the Project

The following table sets out details of Company's Principal locations where the Company has existing manufacturing units and wherein the company is proposing its Projects to be commissioned.

Name of the Project	Unit Location	Address
Resorcinol Manufacturing Facilities	Nandesari, Baroda	4-12, GIDC Chemical Complex, Nandesari – 391340, Dist. Vadodara
DEM & DEMAP Shifting	Roha, Maharashtra	APL Division, Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha, Dist. Raigad – 402116
SDC Utility & Other facilities relocation	Roha, Maharashtra	APL Division, Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha, Dist. Raigad – 402116
R&D Pilot Plant relocation	New Location	
Multipurpose Nitration & Distribution Stream, Hydrogenation Plant for Chloro Nitro Organics	Nandesari/Taloja	Taloja Chemical Division, Plot Nos. K/9-10, MIDC Taloja Dist. Raigad – 410208
		4-12, GIDC Chemical Complex, Nandesari – 391340, Dist. Vadodara
Imaging Chemicals intermediate expansions	Roha, Maharashtra	APL Division, Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha, Dist. Raigad – 402116
Advance Life science Intermediates & Speciality Plant	Roha/Nandesari	APL Division, Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha, Dist. Raigad – 402116
		4-12, GIDC Chemical Complex, Nandesari – 391340, Dist. Vadodara

Technology and Process

1. Resorcinol shifting to Vadodara

Technology

Existing Technology based on classical process involving Benzene sulphonation followed by alkali fusion and isolation of product after acidification. Company is intending to follow the same technology.

Process

Process involves batch sulphonation of Benzene using SO3 & sulphuric acid. The sulphonated mass is neutralised using Caustic. The neutralised mass is dryed. The Dryed mass is reacted with Caustic soda under high temperature in a fusion kettle to produce resorcinol salt. This salt is acidified to give resorcinol. The resorcinol is isolated by extracting in solvent followed by solvent recovery & solid distillation of Resorcinol. The Molten resorcinol from distillation is flaked & packed.

2. DEM & DEMAP relocation to Roha

Technology

Existing technology was developed inhouse in R & D which involves ethylation of Metanillic acid followed by Alkali fusion and isolation of product after acidification.

Process

Process involved high pressure ethylation of liquid metanilic acid with Ethyl Chloride followed by isolation of alkaline ethylated mass by low temperature crystallisation. The crtyallised product is filtered. The wet cake is reacted with Caustic Potash under high temperature in a fusion kettle to produce salt of DEMAP. This salt is acidified to give DEMAP. The DEMAP is isolated solvent crystallisation, filtration and drying.

3. SDC Utility & other Plant shifting

Technology & Process

These are low volume high value products multistep synthesis. The technology was developed inhouse in R & D center in the past. These products are being shifted to new location.

4. R & D & pilot plant shifting immediate & Final

Technology & Process

The Concept of R & D & pilot plant is similar to such setups running in Chemical plants. R & D will cater to process improvement in existing products as well as for development of new molecules. There will be provision kept for custom research opportunities in the future. Pilot plant has been based on the concept of testing these new products developed in scales ranging from few 100 kgs to a ton. There will be provision kept for any custom manufacturing opportunity in the future.

5. Multipurpose Nitration Stream

Technology

This technology has been originally bought from M/s BIAZZI. This involved continuous nitration in a series of reactors which operate in continuous process. The nitration product is separated in a series of distillation & crystallization modules. Hydrogenation technology has been developed inhouse.

Process

The process involves Nitration of organics in a series of reactors operating in continuous mode. The reactor series contains washing units to remove acids from the crude product formed. The washed crude product is sent to a distillation column where unreacted organic is stripped off. This mix Nitro mass is then sent to a set of distillation columns & crystallizers wherein the pure products are isolated.

In this project we are also planning to set up an independent facility for reduction of chloro-nitro compounds. The process is similar to one existing at Taloja. This principally involves catalytic reduction of Nitro Chloro compound followed by catalyst filteration & separated organic is sent to distillation for producing pure product.

6. Expansion of Imaging Chemicals intermediate

Technology

The present and the new technology for Imaging chemicals has been developed by inhouse R & D. The process involves multistep synthesis starting from Nitro Toluene & cresols respectively.

Process

Process for its manufacture presently involves Methoxylation, Bromination & subsequent condensation of cresol. The current process involves several manufacturing steps. In the new technology, the Company would be starting from Nitro Toluene instead of cresol. The process will involve a novel process of hydrogenation followed by condensation with a brominated aromatic compound. The crude product is distilled & isolated by solvent crystallization. The product is filtered, melted & flaked and packed.

7. Advanced Intermediates of Life-science & Speciality

Technology

The technology has been developed by inhouse R & D. The process involves multistep synthesis starting from Aromatic & straight chain organic molecules.

Process

Process will involve various steps such as hydrogenation, oxidation, coupling, rearrangement reactions etc. The end product will be isolated by Solvent Crystallization, Filteration & Drying.

Brief details about the manufacturing facilities of the company.

Nitrite Division

The Nitrite Division at Nandesari in Gujarat is India's largest producer of Sodium Nitrite, manufactured by the ammonia oxidation process. Sodium Nitrite is marketed as a merchant product and also constitutes the basic building block for value-added products such as Hydroxylamine derivatives and DNPT (Blovel), a rubber-blowing agent. This Division is now focusing on new high value products based on Nox chemistry and Redox process.

Nitroaromatic Division

Deepak Nitrite in early 90's set up a multi-purpose nitration plant with technology from Biazzi, Switzerland.

Located adjacent to the Nitrite Division at Nandesari in Gujarat, this Nitroaromatics Division produces a range of Nitrotoluenes and Nitrochlorobenzenes. The division's expertise extends beyond nitration to relevant Isomer Separation and isolation of pure individual components. Equipped with a sophisticated DCS controlled system, the division's end products are at par with highest international standards. This division also produces Monochlorobenzene for captive consumption.

Taloja Chemical Division

Deepak Nitrite's Taloja Chemical Division, at Taloja (near Mumbai) in Maharashtra, manufactures aromatic amins based on in-house developed technology by catalytic hydrogenation. Continuous supply of hydrogen comes from our group company DFPCL. A recent expansion gives the division the capability to produce several new products based on Reductive Alkylation.

Aryan Pesticides Division, Roha

Deepak Nitrite's latest strategic acquisition is Aryan Pesticides Limited. Located at Roha, 120 kms from Mumbai, it is India's largest manufacturer of Paracumidine and the only manufacturer of Xylidines. With expertise in Batch Nitration, Chlorination, Alkoxylation and Hydrogenation, this plant has a synergy with Deepak Nitrite's core strengths and is poised to become a major launching pad for Custom Manufacturing of specialized new products.

Plant, Machinery, Technology, Process etc.

Details of the equipment, machineries and status of other works completed/under process is as given below –

1. Resorcinol Shifting to Vadodara

Rs in Lacs

Sr. No.	Description	Qty.	Unit	Amount	PARTY NAME	P.O. NO./DATE
A	**EQUIPMENT DISMANTLING SHIFTING AND ERECTION COST.**					
1	**Equip.Dismantling,Shifting,Erect.**	**1**	**Lot**	**21.60**		
					SAI ENG &TRIMURTI	AMC
					PUROHIT ROAD LINES	WO
					FAROOK ENGG	WO
B	**FUSION AND FURNACE**					
1	**Fusion Kettle**	**1**	**No.**	**4.15**	THE AHMEDABAD VICTORIA IRON WORKS	DU58258/23-09-05
2	**Furnace**	**4**	**No.**	**11.88**	SCAN THERMOCON INC	DU58285/13-10-05
C	**OVERHAULING AND LINING**					
1	**Overhauling of Equipments**	**1**	**Lot**	**5.00**	VARI GEARS	W/0 5001384/29-10-05
					SHREE UMIYA IND	W/0 5001277/9-9-05
					RAVI ENGG	W/0 5001475/3-01-06
					ARMAC GROUP	W/O 5001419/2-12-05
					FIRDOS S CHAMBATTA	W/0 5001507/30-01-06
2	**Tile lining**	**1**	**Lot**	**3.00**	GAYATRI ANTI CORROSIVE	W/O 50014806/6-02-06
3	**Rubber Lining**	**2**	**No.**	**1.70**	SHREE RAM RUBBER TECH	W/0 5001393/10-11-05
4	**PVC/Chemical/Brick Lining**		**Lot**	**6.00**	GAYATRI ANTI CORROSIVE	AMC
D	**NEW EQUIPMENT AND MODIFICATION**					
1	**SO3 Tank**	**2**	**No.**	**6.42**	GURUKRUPA ENGG	DU58315/24-10-06
2	**HE-8-1**	**1**	**No.**	**1.00**	GURUKRUPA ENGG	DU58315/24-10-06
3	**Main Extraction Tank**	**4**	**No.**	**25.00**	GURUKRUPA ENGG	DU58315/24-10-06
4	**GFR-5-5 Storage Tank**	**3**	**No.**	**6.75**	GURUKRUPA ENGG GURUKRUPA ENGG	DU58315/24-10-06 DU58406/14-11-05
5	**Evap. Kettle C-1-1, C-1-2, C-1-3**	**3**	**No.**	**12.00**	GURUKRUPA ENGG	DU58406/14-11-05
6	**Benzene Metering Pump**	**7**	**No.**	**2.10**	SWELORE ENGG	DU58272/30-09-05
7	**Kishor Pump**	**3**	**No.**	**5.25**	KISHOR PUMPS	DU58283/11-10-05
8	**HDPE Tank - 20 KL (Spirel)**	**3**	**No.**	**6.00**	AV PLASTIC	DU58336/29-10-05
9	**Modifi. of 8 kl RT for B-1-1,B-1-2**	**2**	**nos**	**4.50**	MACHINING COPRN.	W/0 5001397/5-11-05
10	**Drum Dryer Modification**	**1**	**Lot**	**4.00**	ARROW HEAD	W/O 5001408/25-11-05
11	**Modification J-1-1, J-1-2**	**2**	**No.**	**3.50**	MACHINING COPRN.	W/0 5001387/5-11-05
12	**New Limpet coil of G71,G72,G73**	**3**	**No.**	**6.90**	NIVITA ENGG WORKS	DU58816/16-1-06
13	**Modifi. of Nutch Filter FM-4,5,6**	**3**	**No.**	**2.00**	SHROFF ENGG	W/O 5001435/12-12-05
14	**Modi. of Scrubber Colum Cover**	**4**	**No.**	**0.50**	SHROFF ENGG	W/O 5001439/13-12-05
15	**Labour for Chimney Cone**	**I**	**No.**	**1.00**	SHROFF ENGG	W/05001453/23-12-05
16	**Static Mixture SET OF 3**	**1**	**Set**	**1.20**	OMEGA KEMIX	DU58711/22-12-05
17	**Modification of Sulphonator baffles**	**5**	**No.**	**1.50**	SHROFF ENGG	W/O 5001462/27-12-05
E	**HOIST AND SCRUBBER**					
1	**Material Hoist**	**2**	**No.**	**7.50**	CRANOIST IND	DU58299/18-10-05
2	**Scrubber**	**1**	**No.**	**2.50**		

Rs in Lacs

Sr. No.	Description	Qty.	Unit	Amount	PARTY NAME	PO NO/DATE
F	**CIVIL WORK**					
1	**Cement**	**7000**	**Bags**	**10.85**	ULTRA TECH CEMENT LTD	DU58277/4-10-05
2	**Tor Steel**	**32**	**M.T.**	**7.36**	PUNJAB STEEL ROLLING MILL	DU58238/10-09-05
3	**Structural Steel**	**325**	**M.T.**	**104.00**	K.V STEEL	DU58238-259-262-263-266-274
4	**Labour for Structural Building**	**325**	**M.T.**	**30.88**	FAROOK ENGG	WO
5	**Labour job for Civil**	**1**	**Lot**	**26.00**	SHRJEE CONST/SHIV SHAKTI	WO
6	**Roof for new building**	**1800**	**m2**	**6.00**	EVEREST INDUSTRIES LTD	DU58696-709 19/12/05,21/12
G	**CONSULTANCY**					
1	**Consultancy Charges**	**1**	**Lot**	**10.00**		
H	**DISMANTLING OF G.N.PLANT**					
1	**Dismantling of G.N. Plant**	**1**	**Lot**	**4.00**	GAYATRI TECHMECH	AMC
I	**FIRE HYD. & SAFETY APPLIANCE.**					
1	**Fire Hydrant & Safety Appliances**	**1**	**Lot**	**5.00**	NEWAGE INDUSTREIS, SHAH BHOGILAL	DU58631-705 7/12/05,4/1/06
J	**PIPING**					
1	**Piping Material**	**1**	**Lot**	**54.00**	K.V STEEL	DU58407-479-525-580-596-597
2	**Labor for Piping**	**1**	**Lot**	**10.00**	GAYATRI TECHMECH	ARC
3	**MPP Plant ETP Shifting**	**1**	**Lot**	**5.00**	GAYATRI TECHMECH	ARC
K	**ELECTRICAL**					
1	**Electric Panel**	**1**	**Lot**	**16.50**	KLIXON ENGINEERS	DU58281/7-10-05
2	**Cables**	**1**	**Lot**	**25.00**	POLYCAB WIRES	DU58280/6-10-05
3	**Misc .Electrical Items**	**1**	**Lot**	**5.00**	SKYWORD-ELECTRICAL CONTROL,YESHA	DU58280-304-305-306-307-9-10
4	**Flame proof accessories**	**1**	**Lot**	**7.00**	ELECTRICAL CONTROL ENGINEERS	DU58311/21-10-05
5	**Electrification Labor**	**1**	**Lot**	**3.00**	N M ELECTRICAL	AMC
L	**INSTRUMENTATION**					
1	**New Instruments**	**1**	**Lot**	**8.00**	LEADING EDGE,RAMESH, INSTONIC,TOUCH	DU53885-58319-322-338-412
2	**Inst Cables**	**1**	**Lot**	**1.00**	J.M INSOMECH	DU58508
3	**Labor for Inst.**	**1**	**Lot**	**1.00**	NASHA AUTOMATION	AMC
M	**INSULATION**					
1	**Insulation**	**1**	**Lot**	**10.00**	EXCEL INSULATION	AMC
N	**PAINTING**					
1	**Painting**	**1**	**Lot**	**15.00**	HIRU PAINTS	ARC
O	**INSURANCE**					
1	**Insurance up to 31.03.06**	**1**	**Lot**	**2.00**		
P	**E.T.P.**					
1	**ETP**	**1**	**Lot**	**75.00**	WYTEWATER TECHNOLOGIES	DU58827/18-01-06
Q	**MISCELLANEOUS**					
1	**Misc.**	**1**	**Lot**	**1.25**	AUROMA L M PATEL & CO	DU58481/24-11-05 DU58472/24-11-05
R	**BURNER**					
1	**Burners**	**5**	**No.**	**25.00**	RAJNI COMBUTION PVT LTD	DU58738/30-12-05
S	**LOWER AGITATOR ASSEMBLY**					
1	**Lower Agitator Assembly**	**5**	**No.**	**8.50**	MIX WELL ENGG	DU58300/18-10-05
	Total Cost incurred on the Project			**629.29**		

2. DEM & DEMAP Shifting to APL

As on 14th February, 2006 for the DME & DEMAP Shifting Project, the Company has completed execution of work, the details of which are as given below. In addition to the below mentioned expenditure, Company has tied up with different suppliers for additional work to be executed. The details of such pending work orders are separately given herein below -

Rs in Lacs

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
A	**CIVIL**				
	CEMENT ACC SURAKSHA 50 KGS	V.T.PALRESHA & CO	0.60	AU58384	07.01.06
	BINDING WIRE	FAKRUDDIN SHAMSHUDDIN	0.01	AU58394	10.01.06
	M.S.TOR STEEL	K.V.STEEL CORPN.	1.05	AU58444	24.01.06
	FOUNDATION BOLTS EN-8	V.K.STEEL & ENGG.	0.04	AU58450	28.01.06
	BINDING WIRE M.S. & ANCHOR FASTNER	FAKRUDDIN SHAMSHUDDIN	0.01	AU58464	04.02.06
			1.71		
B	**Electrical**				
	25/40/50 MM FLAME ARRESOTR	DESHMUKH & ASSOCIATES	1.40	AU58468	04.02.06
			1.40		
C	**Equipments**				
	2 TON PAYLOAD CAP.CAGE HOIST	CRANOIST INDUSTRIES	8.42	AU58399	12.01.06
	VERTICAL SUBMERSIBLE PUMP 5 M3/HR	TRISTAR HYDROTECH ENGG.P.LTD.	0.72	AU58421	16.01.06
			9.14		
D	**Instrumentation**				
	MANOMETER SINGLE LIMB TYPE	MAYUR INSTRUMENTS	0.05	AU58396	10.01.06
	PID CONTROLLER & TEMP.SENSOR	NISHKO INSTRUMENTS PVT. LTD.	1.43	AU58403	12.01.06
	G.I.PERFORATED CABLE TRAY,85 M	D.K.ENTERPRISES	0.63	AU58436	20.01.06
	PRESSURE/VACCUM GAUGES	SUCHET SYSTEMS	0.55	AU58446	27.01.06
	TEMP.SENSOR PT-100	NISHKO INSTRUMENTS PVT.LTD.	0.05	AU58447	27.01.06
	TUBULAR LEVEL INDICATOR SS 316	MAYUR INSTRUMENTS	0.11	AU58466	04.02.06
	TUBE COPPER PVC INSULATED	RIGHTFIT ENGG.CO.	0.02	AU58467	04.02.06
			2.84		
E	**Mechanical**				
	OIL SELAS	SHUKAN ENTERPRISES	0.00	AU58365	02.01.06
	CS & SS JACKT.BALL VALVE	LIBERTY VALVES PVT.LTD.	2.13	AU58381	06.01.06
	25 NB / 40 NB FLAME ARRESOTR	DESHMUKH & ASSOCIATES	0.78	AU58387	07.01.06
	C.I.BUTTERFLY VALVE 100/ 150 NB	SWASTIK ENGG. & VALVES MFG.	0.10	AU58392	10.01.06
	CONTROL VALVE 40 NB	PNEUCON VALVES PVT.LTD.	2.34	AU58402	12.01.06
	CS/SS 316 BALL VALVE	LIBERTY VALVES PVT.LTD.	1.26	AU58406	12.01.06
	M.S.NUT BOLT FULL THREADED	SHUKAN ENTERPRISES	0.06	AU58408	13.01.06
	M.S.NUT BOLTS,WASHER & G.I.CLAMPS	K.V.STEEL CORPN.	0.26	AU58411	13.01.06
	JOINTING SHEET & RING GASKETS	ARIHANT GASKETS & TEFLON	0.21	AU58412	13.01.06
	SS 316 & M.S.PIPES	K.V.STEEL CORPN.	5.36	AU58413	13.01.06
	M.S.PIPE FITTINGS	K.V.STEEL CORPN.	0.89	AU58414	13.01.06
	M.S./ S.S. PIPE FITTINGS	K.V.STEEL CORPN.	0.61	AU58415	13.01.06
	M.S.SHORT BEND	K.V.STEEL CORPN.	0.01	AU58416	14.01.06

Rs in Lacs

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
	EN-8 FOUNDATION BOLT	K.V.STEEL CORPN.	0.03	AU58417	14.01.06
	M.S.PIPES & FITTINGS	K.V.STEEL CORPN.	0.60	AU58418	14.01.06
	M.S.PIPES & FITTINGS	K.V.STEEL CORPN.	0.48	AU58419	14.01.06
	COUPLING FLEXIBLE M.S.6"	PARIKH INDUSTRIAL CORPN.	0.01	AU58424	16.01.06
	M.S.PIPES	K.V.STEEL CORPN.	0.44	AU58438	20.01.06
	RING GASKETS RED.ST.NO.20	ARIHANT GASKETS & TEFLON	0.01	AU58439	20.01.06
	50 X 80 NB SS 316 JACKT.BALL VALVE	LIBERTY VALVES PVT.LTD.	0.82	AU58440	21.01.06
	20 NB RING GASKET RED.ST.20	ARIHANT GASKETS & TEFLON	0.00	AU58441	23.01.06
	50 MM & 80 MM SS 316 SIGHT GLASS	MAYUR INSTRUMENTS	0.24	AU58443	24.01.06
	M.S.NUT BOLT FULL THREADED	SHUKAN ENTERPRISES	0.09	AU58445	27.01.06
	M.S.PIPES & FITTINGS	K.V.STEEL CORPN.	0.96	AU58448	27.01.06
	40 NB M.S & SS SIGHT FLOW INDICATOR	MAYUR INSTRUMENTS	0.13	AU58465	04.02.06
	V-BELT B-66 & B-68	INDIA ELECTRICALS	0.01	AU58469	07.02.06
	M.S.NUT BOLT	SHUKAN ENTERPRISES	0.06	AU58470	07.02.06
	PULLY C.IL. 4"., 'B' GROOVE	DEEPAK TRADERS	0.00	AU58472	07.02.06
	M.S.PIPES & FITTINGS	K.V.STEEL CORPN.	0.43	AU58479	07.02.06
	HDPE PIPES & FITTINGS	SUNNY FABRICATORS	0.06	AU58480	07.02.06
	80 NB CS & SS 316 BALL VALVE	ARPAN ENGG.CORPN.	0.50	AU58481	07.02.06
	15 NB THERMODYNAMIC STEAM TRAP	SWASTIK TRADING CORPN.	0.08	AU58486	10.02.06
	M.S.CHANNEL, PIPES & FITTINGS	K.V.STEEL CORPN.	0.41	AU58487	10.02.06
	3 MM JOINTING SHEET ST.NO.51	PERFECT MARKETING CORPN.	0.04	AU58488	10.02.06
			19.40		
F	**Structure**				
	M.S.STRUCTURAL STEEL	K.V.STEEL CORPN.	1.75	AU58422	16.01.06
	M.S.STRUCTURAL STEEL	K.V.STEEL CORPN.	1.72	AU58478	07.02.06
			3.47		
	Total Cost incurred for the Project		**37.96**		

Details of work orders pending execution for the Project

SR. NO.	W.O.NO.	DATE	NAME OF THE PARTY	WORK ORDER VALUE(INCL. SERVICE TAX)					
				CIVIL	MECH.	INSULATION	INSTRUMENT	ELECTRICAL	TOTAL
1	5005830	29.11.05	TRIMURTI ENGG.CONTRACTOR		1.65				**1.65**
2	5005857	15.12.06	POORNIMA ELECTRICALS					0.04	**0.04**
3	5005884	31.12.05	S.S.CONSTRUCTION	3.31					**3.31**
4	5005934	05.01.06	ASHA & CO.		0.04				**0.04**
5	5005956	11.01.06	OMEGA INDUSTRIES		3.31				**3.31**
6	5005958	13.01.06	DHAVIR FABRICATOR				0.17		**0.17**
7	5005971	17.01.06	ASHA & CO					0.01	**0.01**
8	5005989	20.01.06	CREATIVE ENGINEERING		0.01				**0.01**
9	5006023	24.01.06	DEEPAK ENGINEERING		0.00				**0.00**
10	5006051	04.02.06	HIMANSHU INDUSTRIES			0.55			**0.55**
11	5006052	04.02.06	TOSHAV INSULATORS			0.55			**0.55**
				3.31	**4.98**	**1.10**	**0.17**	**0.08**	9.63

3. R&D and Pilot Plant Relocation

As on 14th February, 2006 for the R&D and Pilot Plant Relocation Project, the Company has completed execution of work, the details of which are as given below. In addition to the above expenditure, Company has tied up with different suppliers for additional work to be executed. The details of such pending work orders are separately given herein below -

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
	Research & Development Shifting				
A	Electrical Works				
	20 kVA UPS	Aplab Instruments.	2.86	052	19.12.05
	Rental DG set.	Vijay electricals.	1.10	055	22.12.05
	Electrical Items	Ramesh Cable Corp.	1.09	028	21.11.05
	Electrical Items	Shubham Electrofab	0.72	053	20.12.05
	Electrical items	Shubham Electrofab	0.70	034	25.11.05
	Electrical Items	Ramesh Cable Corp.	0.52	073	16.01.06
	Electrical Items	Ramesh Cable Corp.	0.40	073	16.01.06
	Electrical Items	Ramesh Cable Corp.	0.32	073	16.01.06
	Electrical Items	Shubham Electrofab	0.25	085	31.01.06
	Electrical Items	Ramesh Cable Corp.	0.24	073	16.01.06
	Electrical Items	Ramesh Cable Corp.	0.24	073	16.01.06
	Miscellaneous Works	Various Parties	1.45	N A	NA
			9.89		
B	Interior Works/Developmental				
	Interior	Tejas Enterprises	48.56	024	24.08.05
			48.56		
C	CIVIL Works				
	Carpet Flooring./Civil Works	Carpet House/Badgujar Associates	2.42	061/01/066/064	28.12.05
	Other Civil Works	Various Parties	9.96		
			12.38		
	Total Cost incurred for the R&D Project		**70.83**		
	PILOT PLANT RELOCATION				
A.	**Civil and Construction Works**				
	CEMENT ACC SURAKSHA 50 KGS	V.T.PALRESHA & CO.	4.62	AU58245/ AU58097/ AU5 8306/ AU5 8134/ AU5 8122/ AU58199/ AU58171	Nov '05 and Dec '05
	TOR STEEL,MS CHANNEL & MS BEAM	K.V.STEEL CORPORATION	9.24	AU58131/ AU58123/AU5 8102/AU58172/ AU58106	03.09.05/ 30.09.05/ 18.10.05/ 05.08.05
	EVEREST CORRUGATED ROOFING SHEET & RIDGES	EVEREST INDUSTRIES LTD.	2.14	AU58297	12.12.05

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
	Other Construction Works	Various Suppliers	1.30	AU58323/ AU58332/ AU58319/ AU58316/ AU58228/ AU58149/ AU58256/ AU58185/ AU58246/ AU58380/ AU58104/ AU58334/ AU58144/ AU58180	Various Dates
			17.30		
	Instrumentations				
	CONTROL SYSTEM	FORBES MARSHELL PVT.LTD.	11.25	AU58110	10.08.05
	8 & 16 CHANNEL ANALOG INPUT & OUTPUT	FORBES MARSHELL PVT.LTD.	1.63	AU58376	05.01.06
	CONTROL VALVES 25 & 40 NB	DEMBLA VALVES PVT. LTD.	5.93	AU58111	10.08.05
	ABS/DIFF.PRESS.TRANSMITTER, ORIFICE ASSEM. & MANIFOLD	LEADING EDGE TECHNOLOGIES	10.75	AU58112/ AU58220/ AU58368/ AU58377/ AU58175/ AU58229	Dec '05 and Jan '06
	G.I.PERFORATED TRAY, 85 MICRON	D.K.ENTERPRISES	1.37	AU58173	19.10.05
	S.S.AIR HEADER,SS & COPPER TUBE & FITTINGS	RIGHTFIT ENGG.CO.	1.13	AU58176	19.10.05
	CURRENT INDICATOR WITH CURRENT TRANSFORMER	NISHKO INSTRUMENTS PVT.LTD.	1.12	AU58139	17.09.05
	INSTRUMENT SIGNAL CABLES	NEOLEX CABLES	0.88	AU58188	21.10.05
	MANOMETER SINGLE LIMB & TUBULAR LEVEL INDICATOR	MAYUR INSTRUMENTS	0.73	AU58355	29.12.05
	PRESSURE/VACCUM GAUGE & TEMP.GAUGE	SUCHET SYSTEM	0.68	AU58214	01.11.05
	VARIOUS LABORATORY EQUIPMENTS AND INSTRUMENTS	VARIOUS PARTIES	3.64	AU58434/ AU58196/ AU58311/ AU58367/ AU58146/ AU58145/ AU58157/ AU58221/ AU58352/ AU58366/ AU58322/ AU58289/ AU58211/ AU58429/ AU582432/ AU58288	Various dates
			39.13		

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
B	**Mechanical Instrumentations**				
	PIPES, FITTINGS AND SEAMLESS TUBES	K.V.STEEL CORPORATION	23.71	AU58285/ AU58159/ AU58192/ AU58310/ AU58329/ AU58347/ AU58342/ AU58168/ AU58234/ AU58258/ AU58268/ AU58339/ AU58437/ AU58303/ AU58485/ AU58410	29.11.05
	S.S.PIPES & FITTINGS	V.K.STEEL & ENGG.	5.64	AU58160 AU58191 AU58346 AU58338 AU58291 AU58294 AU58398 AU58327 AU58178	11.10.05/ 22.10.05/ 26.12.05/ 24.12.05/ 09.12.05/ 09.12.05/ 10.01.06/ 19.12.05/ 19.10.05
	M.S.BALL VALVE,JACKT. BALL VALVE & SIGHT GLASS	LIBERTY VALVES PVT.LTD.	5.92	AU58187 AU58187 AU58383 AU58328 AU58251 AU58390	21.10.05 21.10.05 07.01.06 20.12.05 21.11.05 10.01.06
	VALVES, TRAPS, STREAM TRAPS	SWASTIK TRADING CORPN.	1.72	AU58315 AU58203 AU58300 AU58238 AU58226 AU58373	17.12.05 29.10.05 14.12.05 18.11.05 15.11.05 04.01.06
	NUT BOLT, SCREWS, OTHER HARDWARES	SHUKAN ENTERPRISES	1.03	AU58337 AU58372 AU58184 AU58181 AU58345 AU58290 AU58348 AU58326 AU58313 AU58232 AU58286 AU58349 AU58361 AU58219 AU58460	22.12.05 04.01.06 21.10.05 20.10.05 26.12.05 08.12.05 27.12.05 19.12.05 17.12.05 17.11.05 01.12.05 27.12.05 29.12.05 14.11.05 02.02.06
	C.S.GLOBE VALVE &STEAM TRAP TD-3,SPIRAX	ARPAN ENGINEERING CORPN.	1.88	AU58186	21.10.05
	GLASS LINE BOTTOM OUTLET VALVE	GMM PFAUDLER LTD.	1.45	AU58204	29.10.05
	C.S.& SS 316 BALL VALVE	ARPAN ENGINEERING CORN.	0.98	AU58293	09.12.05
	C.S.GLOBE VALVE F/E,ASA 150#	ARPAN ENGG.CORPN.	0.96	AU58385	07.01.06

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
	C.S.GLOBE VALVE KLINGER	ARPAN ENGINEERING CORN.	0.71	AU58259	23.11.05
	PTFE BELLOW,PIPE BEND, PIPE SECTION,PTFE VAL VE BELLOW	SHYAM ENTERPRISES	0.65	AU58431	18.01.06
	HDPE PIPES & FITTINGS	SUNNY FABRICATORS	0.50	AU58354	29.12.05
	S.S.CONDENSATE POTS, 3' NB, 200 MM HEIGHT	JOY ENGINEERING INDUSTRIES	0.49	AU58177	19.10.05
	C.I.STRONG FLANGE,RUBBER RING, PTFE 'O'RING	SHYAM ENTERPRISES	0.42	AU58430	18.01.06
	PIPE FITTINGS	N.M.DHARIA & CO.	0.40	AU58284	29.11.05
	IBR PIPES & FITTINGS	VIJAY METAL DISTRIBUTORS	0.40	AU58279	28.11.05
	Other Hardwares and Instrumental Items	Various Parties	3.90	Various P.Os	Dates as specified in PO s
			50.76		
	Structures				
	M.S.STRUCTURAL STEEL	K.V.STEEL CORPORATION	21.54	AU58164 AU58140 AU58198 AU58190 AU58341 AU58207 AU58167	15.10.05 16.09.05 27.10.05 21.10.05 24.12.05 31.10.05 17.10.05
	FLAT M.S. 75 X 5 MM	V.K.STEEL & ENGG.	0.15	AU58208	31.10.05
	M.S.FLAT 25 X 5 MM	V.K.STEEL & ENGG.	0.14	AU58166	17.10.05
	ANGLE MS & PLATE CHEQURED M.S.	K.V.STEEL CORPORATION	0.57	AU58307	16.12.05
	C.I.GRATING 300 X 600 X 25 MM THK.	JAYASWALS NECO LIMITED	0.98	AU58340	24.12.05
	HOOK G.I.'L' & 'J' TYPE WITH NUT & WASHER	FAKRUDDIN SHAMSHUDDIN	0.02	AU58382	07.01.06
	EVEREST HI-TECH ASBESTOS CEMENT SHEET	EVEREST INDUSTRIES LTD.	0.74	AU58374	04.01.06
			24.15		
C	**Equipments**				
	15 M2 HEAT EXCHANGER	GRAPHITE INDIA LTD.	6.56	AU58072	01.07.05
	VISCOUS FLUID	SUKHRAS MACHINES PVT.LTD.	0.37	AU58205	29.10.05
	SS CONDENSATE POTS	JOY ENGINEERING INDUSTRIES	0.08	AU58222	14.11.05
	24 TR WATER CHILLING UNIT	COOLING PEOPLE(PUNE(P)LTD.	2.99	AU58260	23.11.05
	OIL CUP FOR PUMP	SHUKAN ENTERPRISES	0.02	AU58304	16.12.05
	COMPLETE MECH.SEAL CARBON/CERAMIC	M.M.MARKETING	0.06	AU58308	16.12.05
	COMPLETE MECH.SEAL SIZE:1-1/4" NFTS	NOVA-TECH FILTERATION SYST.	0.12	AU58309	16.12.05
	P.P.BARREL PUMP WITH F LP MOTOR, MODEL:SP/PP/200 E*H	SLEEK PUMPS & VALVE	0.41	AU58324	19.12.05
	MECH.SEAL SPARES	EAGLE POONAWALA IND.LTD.	0.52	AU58351	28.12.05

Sr No	Description of Item	Name of the Supplier	Cost of the Item	P. O. No.	Date
	BOTTOM OUTLET VALVE BODY 100 X 75 MM GPF 201	GMM PFAUDLER LTD.	0.28	AU58360	29.12.05
	GLAND PLATE NTFS MAKE FOR KSB PUMP M-32-200	NOVA-TECH FILTERATION SYST.	0.03	AU58364	02.01.06
	TERMICFLUID THERMINOL 55	MAXHEAT ENGG.PVT.LTD.	1.27	AU58397	10.01.06
			12.71		
D	**Electrical**				
	Electrical Works	Various Parties	3.60	AU58108 AU58150 AU58161 AU58162 AU58197 AU58210 AU58215 AU58231 AU58241 AU58242 AU58249 AU58263 AU58264 AU58265 AU58287 AU58317 AU58318 AU58320 AU58321 AU58325 AU58336 AU58420 AU58435 AU58442	08.08.05 05.10.05 12.10.05 14.10.05 27.10.05 31.10.05 05.11.05 17.11.05 18.11.05 18.11.05 21.11.05 25.11.05 25.11.05 25.11.05 06.12.05 17.12.05 17.12.05 17.12.05 17.12.05 19.12.05 21.12.05 16.01.06 20.01.06 24.01.06
			3.60		
E	**Paintings and other related jobs**	Various Parties	2.27	AU58179 AU58182 AU58200 AU58225 AU58233 AU58280 AU58281 AU58299 AU58314 AU58335 AU58350 AU58371 AU58378 AU58393 AU58395	19.10.05 20.10.05 28.10.05 15.11.05 17.11.05 29.11.05 29.11.05 14.12.05 17.12.05 21.12.05 27.12.05 04.01.06 05.01.06 10.01.06 10.01.06
			2.27		
	Total Cost incurred on Pilot Plant Relocation		**149.92**		
	Total Completed Work against R&D and Pilot Plant relocation Project		**220.74**		

Details of Pending work orders for the Projects

SR. NO.	W.O.NO.	DATE	NAME OF THE PARTY	WORK ORDER VALUE(INCL. SERVICE TAX)							
				CIVIL	MECH.	INSULA-TION	INSTRU-MENT	ELEC-TRICAL	Disman-tling & shifting.	PROFES-SIONAL	TOTAL
	Pilot Plant Shifting Project										
1	5005451 5005517 5005932 5005933 5005959 5005960 5005961 5005962 5005972 5005975 5005977 5006019 5006020	21.07.05 06.08.05 05.01.06 05.01.06 13.01.05 13.01.06 13.01.06 13.01.06 17.01.06 17.01.06 18.01.06 24.01.06 24.01.06	ASHA & CO.					0.38			0.38
2	5005813	23.11.05	COOLING PEOPLE (PUNE) PVT.LTD		0.10						0.10
3	5005909 5005910 5005991 5006039	04.01.06 04.01.06 20.01.06 02.02.06	CREATIVE ENGINEERING		0.05						0.05
4	5005957 5005988	13.01.05 20.01.06	DHAVIR FABRICATORS				0.77				0.77
5	5005882	30.12.05	FORBES MARSHELL PVT.LTD.		0.07						0.07
6	5005848	12.12.05	G L R ENGINEERS		0.07						0.07
7	5005670 5005698	05.10.05 10.10.05	JASWANT MEHTA & ASSOCIATES							0.09	0.09
8	5005664	01.10.05	KEMAN DRILLING & SAWING	0.42							0.42
9	5005749	25.10.05	KUSUM ENTERPRISES			0.83					0.83
10	5005703	12.10.05	MASTER ELECTRICALS					0.56			0.56
11	5005720 5005964	15.10.05 13.01.06	OMEGA INDUSTRIES		10.47						10.47
12	5005852	12.12.05	PURVA ENGINEERS & CONTRACTORS	0.32							0.32
13	5005880 5005881	30.12.05 30.12.05	RAJENDRA SCALE REP. & MAINT.				0.07				0.07
14	5005750 5005849 5005965	25.10.05 12.12.05 13.01.06	S.D.INSULATION			12.67					12.67
15	5005955	11.01.06	SHYAM ENTERPRISES		0.34						0.34
16	5005963 5006031	13.01.06 27.01.06	SUNNY FABRICATORS		0.39						0.39
17	5005356 5005556 5005648 5005721 5005786 5005858 5005885 5006066	28.06.05 23.08.05 26.09.05 15.10.05 16.11.05 15.12.05 31.12.05 04.02.06	TRIMURTI ENGG. CONTRACTOR		21.61				2.61		24.22
18	5005557 5005748 5005814 5005815	23.08.05 25.10.05 23.11.05 23.11.05	VINOD CONSTRUCTION	27.65							27.65
19	5005701	11.10.05	WEATHER CONTROL ENGINEERS					0.04			0.04
20	5005976	17.01.06	WILPROTEC SYSTEMS & SERV.P.LTD.		5.75						5.75
	Total Cost on Pilot Plant Shifting Project			**28.39**	**38.84**	**13.50**	**0.84**	**0.99**	**2.61**	**0.09**	**85.25**

SR. NO.	W.O.NO.	DATE	NAME OF THE PARTY	WORK ORDER VALUE(INCL. SERVICE TAX)							
				CIVIL	MECH.	INSULA-TION	INSTRU-MENT	ELEC-TRICAL	Disman-tling & shifting.	PROFES-SIONAL	TOTAL
	R&D Shifting Project										
1	084	31.01.06	Dhanvijay Construction	1.93							1.93
2	065	30.12.05	Dhanvijay Construction	2.03							2.03
3	071	11.01.06	D.V.Brahame & Sons.						10.38		10.38
4	063	29.12.05	Intellicaon						1.57		1.57
5	068	06.01.06	Salex						0.26		0.26
6	067	04.01.06	Contech Instruments						1.15		1.15
7	054	19.12.05	Aplab						2.86		2.86
	Total Cost on R&D Shifting Project			3.95					16.22		20.17
	Total Pending Work Orders against R&D and Pilot Plant relocation Project			**32.34**	**38.84**	**13.50**	**0.84**	**0.99**	**18.83**	**0.09**	**105.42**

There are three main segments in which the Company is manufacturing products. These are - Inorganic Chemicals, Organic Chemicals and Fine & Speciality Chemicals.

Plant & Machinery

Inorganic Intermediates -

The manufacturing plant is located at Nandesari in the chemical industrial zone near Vadodara, Gujarat. The main products of this segment are sodium nitrite, sodium nitrate, hydroxylamine sulphate and blovel brand of rubber blowing agents.

The manufacturing plant facilities consists of :

(a) Facility for air oxidation of ammonia over nobel metal catalysts

(b) gas absorption towers to make sodium nitrite and sodium nitrate

(c) various types of equipment for separating and crystallising solids, centrifuging and drying

(d) other batch products are manufactured in typical stainless steel reactors with auxiliary equipment.

- The manufacturing activities are supported by facilities to store gases like ammonia, sulphur dioxide, solvent storage tanks as well as elaborate loading, unloading and packaging facilities.
- Supporting infrastructure for providing utilities like cooling towers, chilling plant, compressed air and nitrogen plant, water softening unit, scrubbers, etc.
- The entire manufacturing site has been certified by KPMG under ISO 9001 as well as ISO 14001 quality management system.

Organic Intermediates

The manufacturing facilities for this segment are located at Vadodara, Roha and Taloja. The main products of this segment are mono chloro benzene, ortho nitro chloro benzene, para nitro chloro benzene, ortho para and meta nitro toluene, ortho and para cumidines and 2-4 and 2-6 xylidine. The major processes for this segment are chlorination, nitration and hydrogenation. The plants are basically stainless steel equipment for batch and continuous nitration, variety of packed columns for fractional distillation and sophisticated crystallisation for separation of solids. There is a facility for continuous chlorination of benzene.

There are sophisticated storage and handling facilities for loading, unloading, pumping variety of hazardous chemicals and solvents like hydrogen, chlorine, nitric acid, benzene, toluene, cumene, metaxylene, etc. There is also an adequate storage for the entire range of end products and facilities to despatch the material in drums or specialised ISO tanks.

Manufacturing facilities are approved as per ISO 9000 by KPMG.

Fine & Speciality Chemicals

The manufacturing sites for this segment are located at Vadodara and Roha. This business segment consists of several value added advanced intermediates required for agro, pharma, imaging and specialty chemical sectors. The key products are alkylated hydroxylamines and oximes, substituted alkylated amino phenols, resorcinol and its derivatives, substituted

diphenylamines, etc. All the processes are multi step batch operations carried out in stainless steel or glass lined reactors. Some of the equipments are capable of handling high pressure and high temperature reactions. These equipments are supported by appropriate auxiliary systems for distillation, solvent recovery, crystallisation, separation and drying. The plants are typical multi purpose and can switch over to any other product.

There are a number of storage vessels, tanks with appropriate pumping and delivery systems for the batchwise operation.

Supporting utility system like heating, cooling towers for chilled water, drying units for low temperature reaction, water softening unit, air and nitrogen plants, etc.

Technology

Inorganic Intermediates

The technology for these products has been developed in-house. The Company received the prestigious Sir P C Ray Award for indigenous development of this technology.

Organic Intermediates

The original technology for nitration and separation was licensed from Biazzi. The hydrogenation technology to produce the respective aromatic amines has been developed in-house.

Fine and Speciality Chemicals

Process technology for all the products is developed in our R&D and scale up in the pilot plant. The manufacturing facilities were subsequently designed based on the above pilot studies.

Raw Material and Process

The Process for each of the segments is detailed in below-

Inorganic Intermediaries

Sodium nitrite and sodium nitrate are manufactured by air oxidation of ammonia followed by absorption of the NOx gases in alkaline solution (caustic soda/soda ash). The resultant liquid containing the mixed products is further saturated and separated to sodium nitrite and sodium nitrate. The separated crystallised products are centrifuged, dried and packed to the required customer specification.

Hydroxylamine sulphate is produced by a classic Rashig process starting from sodium nitrite manufactured in-house. Sulphur dioxide is passed through the nitrite solution and the resultant product is further processed to remove sodium sulphate and ammonium sulphate. Hydroxyl amine sulphate is then obtained by crystallisation from this solution. The product is centrifuged and dried before packing as appropriate.

Organic Intermediates

The entire manufacturing plant has a sophisticated electronic instrumentation with computerised control system. The basic manufacturing process involves continuous nitration of benzene, toluene, metaxylene, cumene, etc. The resultant nitro mass is separated by elaborate distillation and crystallisation processes to give the desired isometric products of required purity. The aromatic nitric compounds are hydrogenated in batch hydrogen reactors to produce the respective aromatic amines (OT, PT, MT, xylidine, cumidine, etc). These products are then purified by fractional distillation.

Fine and Speciality Chemicals

Most of these products involve multi step manufacturing processes. The key unit processes are alkylation, alkali fusion, chlorination, bromination, condensation, catalytic hydrogenation, friedel crafts reaction, formulation, reductive alkylation.

COLLABORATIONS

There is no collaboration existing as on date.

INFRASTRUCTURE FACILITIES

- **Utilities**

Power

The Company draws power from GEB. Last year the Company had set up its own power plant based on natural gas from GAIL. This plant generates 2.8 MW of power and can cater to major power requirement of the site.

Water (Steam)

The boilers of the Company can be run on both furnace oil as well as natural gas, depending on availability and cost factors.

- **Environmental Matters:**

Inorganic Intermediate

The Company has elaborate treatment facilities at the site. Effluent generated during the process is treated as per the required standards of GPCB. The treated water is sent to the common effluent treatment plant for this industrial area. After further treatment the final outlet of this common effluent treatment plant is connected to the sea estuary through a dedicated pipeline. This site has recently been evaluated under ISO 14001 standards. The site has elaborate safety infrastructure and excellent management system for overall safety, health and environment. The Company is also a signatory of Responsible Care initiative of Indian Chemical Manufacturers Association and strives continuously to improve the overall SHE standards beyond statutory requirements.

Organic Chemicals and Fine and Speciality Chemicals

All the manufacturing facilities have adequate effluent treatment facilities. The treated water conforms to the required state pollution control board standards. The treated water is later sent to the common ETP for the respective industrial area. All the sites are qualified for ISO 9001. The Company is also a signatory of Responsible Care initiative of Indian Chemical Manufacturers Association and strives continuously to improve the overall SHE standards beyond statutory requirements.

Products / Services of the Company

Customer Profile

DNL's customer list covers all sections of the industry and the products with utility values in every aspect of life. DNL is uniquely positioned to serve intermediates to industries catering to diverse market sectors like pharmaceuticals, rubber chemicals, leather chemicals, pesticides, fertilizers, tyre industries, dyes and dyestuff etc.

DNL has also aligned its customer relationship management with core business to accredit customer with trust and reliability in terms of quality of products and technical support, supply continuity.

Inorganic Intermediates

DNL's product has been backbone of various chemical industries for last three decades with consistency in supply satisfying every demand in quality and quantity from the customer. This trust built over the period has helped company to establish its position as a reliable partner to India's drive to self sufficiency and import substitution.

Today DNL takes pride in being stakeholder in the successes of majority of Dye manufacturers, Hawai Chappal manufacturers etc. in domestic market. DNL continued its dominance in market place with the value added derivatives of its inorganic products in the form of oximes, rubber blowing agents. With addition of these value added products DNL assumed a position of technology driven company on global platform.

DNL has strong domestic presence with wide network of marketing and dealer channels across India.

Organic Intermediates

DNL has developed world class expertise in Nitration of Mono-chlorobenzene, toluene, xylene, cumene into aromatic amines using catalytic hydrogenation. DNL has key strength in offering the services across value chain of the products under its organic chemicals portfolio.

DNL remains leading supplier to host of pharmaceutical industries, pigment manufacturers, agrochemical majors across globe. It has inevitable presence in marketing plans of major domestic and international players, with strong linkage of its competitive delivery model satisfying requirements of expected performance.

Fine & Speciality Chemicals

DNL has made successful foray in fine chemicals business, becoming reliable partner to global players delivering quality performance products in very short period. Company has established itself as quality supplier to key players in Colour Former business and agrochemical sector by producing technology intensive intermediates.

The marketing is well supported by its product management team, which works in close coordination with R&D to develop products according to the needs of customers.

DNL has strong domestic presence with wide network of marketing and dealer channels across India. The marketing is well supported by its product management team which works in close coordination with R&D to develop products according to the needs of customers.

a) Quality Control:

The Company has set product quality and specifications matching the Customers specification. All the manufacturing sites have most modern facilities for analysing raw materials, samples from various process stages as well as every lot of finished product according to the defined and validated plan. QA Dept have more than 50 trained chemists and sophisticated analytical equipment like capillary GCs, HPLCs, infra-red and UV spectrophotometers, auto tritators, moisture analysers, etc. The equipments are continuously upgraded to meet the current international standards. Quality specifications go beyond simple purity determination and provide data on related impurities as well. Additional highly sophisticated analytical equipment is available at in-house R&D facilities to support the analytical development and generation of appropriate analytical methods for new products for the specific customer requirements. The Company's quality management system complies with ISO 9001 standard and is currently certified by KPMG. The first certification was awarded to the Company's Nandesari site in 1996 and maintained and continuously upgraded thereafter.

The increasing international business and growing customer base which includes some of the big names in the world chemical industry demonstrates the satisfactory and reliable performance with respect to quality of products manufactured by the Company.

b) Research & Development:

The Company's R&D center located at Pune is recognised by the Dept of Science and Technology, Government of India. There are over 50 R&D scientists working in this lab. The lab is organised in a modular fashion with each research group consisting of a Group Leader (Ph.D. with 5 to 10 years experience) assisted by 3 to 4 Post Graduate Chemists. Each such module is equipped with adequate lab bench space and labhood space to carry out entire range of chemical reactions, a separate lab area to carry out pressure reactions and hazardous chemical reactions. The lab is associated with world class analytical facility to carry out analytical development of new products and processes. The R&D lab has access to patent and other chemical literature through appropriate subscriptions and internet facilities.

Processes developed in the above lab upto a few kg scale which scale up in pilot plant to be located at Roha. This pilot plant has several glass-lined and stainless steel reactor systems supported by auxiliary systems to carry out distillation, separation, drying, etc. Pilot plant is thus capable of providing data for design of the final manufacturing facilities as well as supplying the first few lots upto few tons for final customer trials.

c) Approach to Marketing and proposed marketing set up

The Company's presence in the 3 segments covers a very diversified range of products serving a variety of chemical industries belonging to sectors like agro chemicals, pharmaceuticals, dyes, pigments and other colourants, additives for fuel, rubber, plastic, glass, explosives, tyre, etc. The price range of products varies from high volume low value products like sodium nitrite, sodium nitrate to medium price products like aromatic amines and other aromatic intermediates, to small volume high value products of fine and specialty segment. The domestic and international market is handled separately in recognition of its characteristics and product portfolio.

Domestic Market – Constitutes about 50 to 55% of the Company's revenue. The major products here are from inorganic and organic segment with a few products from fine chemical segment. Marketing network consists of Head Office at Pune and has branches at Mumbai, Vadodara, Ahmedabad, Delhi and Hyderabad. The Company also has an established sales network to distribute some of the high volume, low cost products to small and medium sectors. Most of the corporate customers are handled directly by the Company's Marketing & Sales personnel. The general trend in Domestic Market is for monthly orders. Both, quantity and price can thus fluctuate in line with the market condition and the ability to pass on the cost based on the competitive environment.

Export Marketing – Export Marketing consists about 45 to 50% of the Company's revenue. The principal products are from organic intermediates and fine and speciality segment. Customers from Europe constitute around 60% followed by 15% in US and 25% in other parts of Asia. Marketing approach is to develop a long term relationship resulting into annual supply agreements. The Company has also undertaken exclusive development and manufacture of some advance intermediates specifically for a particular customer. These exclusive arrangements involve a multi year supply agreement with a mutually agreed pricing formula to take care of external fluctuations. The Company's customer base involves world's leading agro and speciality chemical companies. All the marketing is carried out directly with no intermediary agencies or representatives. This policy has also helped us not only to reduce the costs of marketing the product but the direct customer contact helps us to know the exact expectations on quality, packaging, supply, performance requirements, etc and also opens up new opportunities based on satisfactory performance.

d) Export Possibilities and Export Obligations

The Company is having Export obligations as given below :

S. No	Export Product	Licence Number	Licence Date	Validity of Licence	Export Obligation	Remarks
1	DEMAP File No. 0059/AM97	3010404	14.05.96	Completed	29 MT	EO fulfilled licence yet to be closed at DGFT
2.	Alkali Blue Powder File No. 438/AM97	3015241	26.12.96	Completed	25 MT	EO fulfilled licence yet to be closed at DGFT
3.	File No. 282/AM01	0310043402	28.06.2000	Completed	15 MT	EO fulfilled licence yet to be closed at DGFT
4.	File No. 536/AM01	0310051683	31.08.2000	Completed	15 MT	EO fulfilled licence yet to be closed at DGFT
5.	EPCG File No. 47/AM02	3130000163	02.11.01	02.11.09	Rs. 4,27,17,693/-	EO fulfilled licence yet to be closed at DGFT
6.	ONT/PNT EPCG F. No. 131/AM04	3130000496	16.09.03	16.09.11	Rs. 28,87,096 FOB	EO Pending will be completed before due date
7.	Natural Gas EPCG File No. 230/AM-05	3130000942	03.12.2004	02.12.12	Rs. 12,33,36,904 FOB	EO Pending will be completed before due date
8.	Weishaupt Dual Fuel Burner EPCG F. No. 163/AM-05	3130000864	11.10.2004	10.10.12	Rs. 1,68,82,832 FOB	EO Pending will be completed be fore due date

Business Strategy

As a part of overall business strategy DNL diversified its business more into Fine & Speciality Chemicals and Organic segments. DNL's product portfolio span wide range of end use chemical sectors. All our products are either in top or second position in India. Majority of our products for international market also occupies a similar position. As a part of overall business strategy Deepak Nitrite Limited is putting efforts towards –

a. Consolidation of manufacturing sites leading to better cost efficiencies.

b. Adding one more stream of hydrogenation and nitration plants thereby deepening and widening its strength in organic chemicals field, and

c. Investing in development and manufacture of high value fine chemicals.

The Company would also look into acquisition opportunities for businesses that strengthen its strategic position as above, by acquiring businesses across the value chain or laterally following similar technologies. The strategies for each of the segments are as given below-

i. Inorganic Intermediates –

Since these intermediates are essentially building blocks to a wide range of industries, such as dyestuffs, glass etc., the Company would capitalize on the marketing network so created to serve the industry with other add-on products.

The Company's plan to shift the Resorcinol plant closer to the Inorganic Intermediate facilities would help manage the inorganic by-products so recovered more efficiently thus helping consolidation.

ii. Organic Intermediates –

Company's expertise in Nitration, Chlorination, Hydrogenation will be leveraged to remain most competitive organic intermediate supplier. The Company is already the world's largest merchant supplier of Xylidines & Cumidines. Based on Company's experience in handling nitration and halogenation, the Company would add more products to this family largely for the international markets. The Company would also add facilities that would give us additional opportunity in managing difficult products for hydrogenation.

iii. Fine & Speciality Chemicals –

This business is largely based on Company's strength in Research and Development. The Company sees great opportunities as an outsourcing partner for a number of performance chemical companies internationally such as life science and effect chemical companies who seek near exclusive partnership for outsourcing their intermediate competitively. Based on the processes already developed, the Company would be more than doubling our present fine & speciality chemical businesses as well as adding other complimentary products for the same customers.

The Company's strategy would also require it to invest significantly in R&D upgradation including investments in Pilot Plants and Analytical facilities. A little over 10% of our investment is earmarked for R&D and Pilot Plant project. The Company hopes to double its strength in R&D.

iv. New Developments

The Company also intends to involve into CRAMs (Customer Research and Manufacturing Synthesis). Company's proposed R&D centre and pilot as well as semi-commercial multi purpose plants will enable it to carry on Customer Research and Manufacturing. The Company has already established relationship as a reliable supplier of complex products and we hope to built on this in the CRAMS area.

Based on its core strength in above processes and in-house research advantage, the Company want to grow in the Fine & Speciality and Organic segments.

Capacity:

Installed Capacities & Capacity utilisation during last 3 years

Inorganic intermediates

Description	2002-2003	2003-2004	2004-2005
Installed Capacity (tons)	36580	36580	36580
Production (Qty)	36653	35181	33433
Capacity Utilisation (%)	102	96.18	91.40

Organic Intermediates

Description	2002-2003	2003-2004	2004-2005
Installed Capacity (tons)	25600	35300	42300
Production (Qty)	26199	30700	32518
Capacity Utilisation (%)	102.34	86.97	76.87

Fine & Speciality Chemicals

Description	2002-2003	2003-2004	2004-2005
Installed Capacity (tons)	1782	1782	2112
Production (Qty)	1609	1720	1765
Capacity Utilisation (%)	90.29	96.52	83.57

DETAILS OF INSURANCE

Sr. No	Policy Number	Policy Type	Insurers, Risk (%)		From Date	To Date	Sum Assured	Premium (Rs)
1	120700/11/05/00062	Fire	Bajaj Alliance	5%	01-Apr-05	31-Mar-06	214,18,70,570	69,48,359
			Tata AIG	15%				
			ICICI Lombard	20%				
			New India Insurance	60%				
	120700/11/05/00063	Fire	Bajaj Alliance	5%		31-Mar-06	34,00,00,000	11,19,632
			Tata AIG	15%				
			ICICI Lombard	20%	01-Apr-05			
			New India Insurance	60%				
	120700/11/05/00064	Fire	Bajaj Alliance	5%		31-Mar-06	2,00,00,000	77,581
			Tata AIG	15%				
			ICICI Lombard	20%	01-Apr-05			
			New India Insurance	60%				

Sr. No	Policy Number	Policy Type	Insurers, Risk (%)		From Date	To Date	Sum Assured	Premium (Rs)
	120700/11/ 05/00064 -30062	Fire	Bajaj Alliance	5%		31-Mar-06	75,00,000	17,934
			Tata AIG	15%				
			ICICI Lombard	20%	19-Aug-05			
			New India Insurance	60%				
	120700/11/05/00065	Fire	Bajaj Alliance	5%		31-Mar-06	45,24,095	2,991
			Tata AIG	15%				
			ICICI Lombard	20%	01-Apr-05			
			New India Insurance	60%				
	120700/11/05/00066	Fire	Bajaj Alliance	5%		31-Mar-06	1,87,90,000	13,045
			Tata AIG	15%				
			ICICI Lombard	20%	01-Apr-05			
			New India Insurance	60%				
	120700/11/	Fire	Tata AIG	15%		31-Mar-06	5,00,000	1,460
	05/30023 FPE		ICICI Lombard	20%				
			Bajaj Alliance	5%	24-May-05			
			New India Assurance	60%				
	120700/11/05/30047	Fire	Bajaj Alliance	5%		31-Mar-06	214,18,70,570	1,66,371
			Tata AIG	15%	03-May-05			
			ICICI Lombard	20%				
			New India Insurance	60%				
2	0800005584	Marine	Tata AIG	100%	01-Apr-05	31-Mar-06	2,00,00,000	12,70,918
	0800005584 /07/05/001	Marine	Tata AIG	100%	19-Jul-05	31-Mar-06		
	0800007460	Marine	Tata AIG	100%	01-Apr-05	31-Mar-06		
	0800007460 /08/05/ 003 -01PDA	Marine	Tata AIG	100%	07-Nov-05	31-Mar-06		
	0800007460/06/05/ 001 FPE	Marine	Tata AIG	100%	21-Jun-05	31-Mar-06		
	0800007460/07/05/002	Marine	Tata AIG	100%	19-Jul-05	31-Mar-06		
	0800007460/07/05/002 FPE PDA	Marine	Tata AIG	100%	17-Nov-05	31-Mar-06		
	120700/44/05/50006 marine	Marine	New India Insurance	100%	30-Sep-05	31-Mar-06		
3	Various Motor Car Policy	Motor Car	Bajaj Alliance	100%	01-Apr-05	31-Mar-06	Various individual; Policies	
4	Various Policies	Personal Accident	New India Insurance	100%	01-Apr-05	31-Mar-06	Various individual; Policies	
5	120700/11/05/00070	Fire Lop	Tata AIG	15%		31-Mar-06	55,65,00,000	20,57,561
			ICICI Lombard	20%				
			Bajaj Alliance	5%	01-Apr-05			
			New India Insurance	60%				
	120700/11/05/00070 PDA 1	Fire Lop	Tata AIG	15%		31-Mar-06		5,55,809
			ICICI Lombard	20%				
			Bajaj Alliance	5%	29-Jul-05			
			New India Insurance	60%				
6	Various Mediclaim Policies	Mediclaim	New India Insurance	100%	01-Apr-05	31-Mar-06	Individual Sum Insured	
7	4031/000008/01	Credit Insurance	ILGICL-	100%	01-Apr-05	31-Mar-06	Individual Customer Base	27,00,000
8	0300002358 / 05-06	Commercial General Liability	TAIG-	100%	01-Apr-05	31-Mar-06	1,10,00,000	2,29,582

Financial Indebtedness:

(Rs in Lacs)

Sr. No	Name of the Lender	Facility	Sanctioned Amount	Balance as on 31.03.05	Balance as on 31.12.05	Rate of Interest	Repayment Schedule	Prepayment Clause
1	Exim Bank	Foreign Currency Term Loan	400.00	286.90	227.84	Libor + 3.75	10 half yearly installments commencing from Nov 2004	At the discretion of EXIM Bank
		LTWC Loan converted into Foreign Currency	1000.00	973.09	752.42	Libor + 3.00	9 half yearly installments commencing from one year from the date of drawal	At the discretion of EXIM Bank
		Foreign Currency Corporate Loan	1000.00	247.05	0.00	Libor + 2.75	8 half yearly instal-ments commencing from April 2003	At the discretion of EXIM Bank
		Rupee Corporate Loan	300.00	300.00	300.00	8.25%	16 equal quarterly instal-ments commencing from 20/12/2005	At the discretion of EXIM Bank
		Rupee Term Loan	1200.00	1200.00	1125.00	8.25%	16 equal quarterly instal-ments commencing from 20/12/2005	At the discretion of EXIM Bank
		Rupee Term Loan	250.00	15.86	--	8%	10 equal quarterly instalments commencing from Dec 2000	N.A
		Rupee Term Loan	300.00	22.50	--	14%	8 equal quarterly instal-ments commencing from Dec 2000	N.A
2	IDBI Bank	Rupee Term Loan	1000.00	177.21	101.28	11%	Quarterly repayment	Cannot be prepaid
3	Bank of Baroda	Foreign Currency Corporate Loan	219.00	171.87	85.95	Libor + 2.75	8 equal quarterly instal-ments commencing from November 2002	Maximum of 1% on the amount repaid in advance
		Foreign Currency term Loan	588.00	258.26	198.60	Libor + 2.75	8 equal quarterly instal-ments commencing from February 2003	Maximum of 1% on the amount repaid in advance
3.	State Bank of India	Term Loan	600.00	149.03	0.00	Libor + 3.30	8 equal half yearly instalments commencing from October 2001	Not Ap-plicable
4	ING Vysya Bank	Long Term Working capital Loan	1500.00	NIL	1428.00	8.25%	16 equal quarterly instal-ments commencing from April 2006	Prepayment Penalty of 2%
5	HDFC Bank	Vehicle Loans	N A	41.24	27.44 4	N A	EMI based payments	Prepayment Penalty

WORKING CAPITAL LIMITS

Rs in Lacs

Sr. No	Name of the Lender	Facility	Sanctioned Amount	Balance as on 31.03.05	Balance as on 31.12.05	Rate of Interest	Repayment Schedule	Prepayment Clause
1	State Bank of India	Cash Credit (Total)	2380.00	990.00	1654.91	12.25%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities
2	Bank of Baroda	Cash Credit (Total)	1200.00	487.71	1184.82	12.50%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities
3	Dena Bank	Cash Credit (Total)	1050.00	791.00	1029.29	12.25%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities
4	ICICI Bank	Cash Credit (Total)	270.00	36.00	14.33	13.00%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities
5	ING Vysya Bank Ltd.	Cash Credit (Total)	600.00	123.00	46.69	11.25%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities
6	UTI Bank Ltd.	Cash Credit (Total)	500.00	--	75.21	11.00%	As negotiated from time to time with reference to various facilities	As per the Terms of Facilities

Notes:

- Term Loan from all Banks/Financial Institutions are secured by First charge on all immovable properties, both present and future, and all movable assets on pari-passu basis subject to prior charge on specified movable assets in favour of the Company's Bankers for working capital.
- The working capital facilities from all the Banks are secured by Hypothecation of Raw Materials, goods in process, finished goods, stores and spares and receivables, present and future on pari-passu basis in addition to second charge on the Fixed Assets of the Company.
- Loans taken from HDFC Bank Ltd. are secured by hypothecation of assets financed.

PROPERTY

Existing Property details

Details of the properties of the Company

Sr. No.	Name of the Division	Location	Nature of holding	Area in Sq. Meters	Lease Tenure	Lease rental
1	Nitrite and Niroaromatics	GIDC Nandesari	Leasehold		99 Years expiring in	
		Plot No 41/5P		21677	2096	Rs 26
		Plot No. 6, 7, 8, 5P		41350	2078	Rs 48
		Plot No. 9-12		47581	2071	Rs 46
	Division	Dist. Vadodara				
		Gujarat				
2	Taloja Chemical Division	Taloja Industrial Area	Leasehold	13109	95 Years expiring in 2098	Re 1
		Taluka Panvel				
		Dist. Raigad				
		Maharashtra				
3	SDC Division	Sinhgad Road	Freehold	63973		
		Pune				
4	SDC Division	Sinhgad Road	Leasehold	8093	50 Years expiring in 2022	Rs. 2400
		Pune				
5	APL Division	MIDC Dhatav	Leasehold	26624	96 Years expiring in 2092	Re. 1
		Roha Industrial Area				

KEY INDUSTRY REGULATIONS

The chemical manufacturing industry is governed by all the regulations relating to industries viz.

a) Environment Control Acts

b) Central Excise & Customs

c) Factories Act and Labour Laws

There are various other statutes also like Sales Tax Act, approval from Department of Explosives for Storage of Petroleum Products, License for use of Boiler etc.

A Chemical manufacturing Company is required to obtain clearances under:

a) Water (Prevention and Control of Pollution) Act 1974

b) The Air (Prevention and Control of Pollution) Act 1981

c) Environment Protection Act 1986.

The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards of maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

3) HISTORY OF THE COMPANY

Brief History

Deepak Nitrite Limited (DNL) - The flagship company of Deepak Group of Companies, started with the manufacture of an import substitute chemical - Sodium Nitrite in 1972. Today, it is a multi product company with a diversified product portfolio. The company is engaged in manufacture of organic and inorganic heavy chemicals beside speciality chemicals. DNL has three manufacturing facilities at different locations in the western part of India -one at Nandesari -Gujarat and two in Maharashtra at , Taloja and Roha.

Since inception, DNL has gradually expanded and diversified its production base on organic and in-organic (acquisition of Sahyadri Dye Stuff in 1984 and Aryan Pesticides Ltd. in 2000) growth model. Besides that, DNL has established a dedicated research and product development centre. About 80% of its products are results of its R&D efforts.

Today the Company has a basket of over 30 products in the inorganic, organic intermediates and fine and speciality chemicals - basic intermediates to the pharmaceutical, agro chemical, rubber, pigment and imaging chemicals industries, most of which have come out or has been fine tuned by its in-house R&D.

The company crossed the Rs 138 crore export milestone, with export earnings of Rs 133 crore (FOB Value of Exports) accounting for ~ 45 % of its FY04-05 sales of Rs 321 crore. This is a significant rise as compared to the turnover of Rs 112 crore out of the total turnover of Rs 278 crore in 2003-2004, recording a 23 per cent CAGR in exports in recent years.

MAJOR EVENTS

The significant events in the Company's History are as follows:

Year	Events
1970	Incorporation of the Company
1971	Public Issue of Equity Shares
1972	Commencement of Commercial Production
1974	Sir P. C. Ray Award received for Best Chemical Unit in India (with indigenous technology)
1975	Declaration of First Dividend on Equity & Preference Shares
1977	Issue of Bonus Shares
1980	Issue of Bonus Shares
1981	OPD Center starting benefit of employees and society.
1979	Promoted DFPCL
1984	Acquired SDC Unit from Mafatlal Industries
1986	Issue of Bonus Shares
1989	Announcement of Unique Investors Welfare Scheme
1991	Rights Issue of Partly Convertible Debentures
1992	Commissioned Nitro Aromatic Plant at Nandesari
1992	Entered Overseas Market through Exports
1994	ISO 9002 Certification for its Nitrite Division
1995	Commissioning of a full fledged Hydrogenation Plant at Taloja.
1995	Preferential Allotment of Shares to the Promoters
1997	Modernisation of Nitrite Division
1998	Capacity of Nitro Aromatics Plant doubled
2000	Acquisition of Aryan Pesticides Ltd.
2004	Amalgamation of Aryan Pesticides Ltd. with the Company
2004	Export Sales Crossed 100 Crores
2004	Commissioning of Captive Power Plant at Nandesari

Main Objects of the Company

The Main Objects for which the Company is established as set out in its Memorandum of Association interalia include:

1. To carry on the business of manufacturing of and formulation of and dealers in Sodium Nitrite, Sodium Nitrate, Nitric Acid, Nitrous Acid, Ammonium Nitrite and Nitrate and other nitrite & nitrate of copper, lead, zinc, gold, silver, mercury, nickel, tin, arsenic, lithium and other elements to manufacture and deal in inorganic and organic chemicals and fertilizers of all types, petro-chemicals of all types, explosives, industrial and other types rubber, glass, coal and silicon and phosphorous and electro chemicals; chemical compounds of elements and elements (gaseous, liquids and solids); to fix nitrogen by any process and manufacture compounds of nitrogen.

2. To carry on the business of manufacturing of and dealers in chemicals, chemical compounds and chemical products of any nature and kind whatsoever, and as wholesale and retail chemists and druggists, chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, alkalis, petrochemicals, chemical compounds and elements of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, anti-biotics etc., tannins, tannin extracts, essences, solvents, plastics of all types, dyes, dyestuffs, intermediates, textile auxiliaries, artificial skills, staple fibres and synthetic fibres of all kinds and types, regenated fibres or filaments, cellophane, colours, paints, varnishes, disinfectants, insecticides, fungicides, deodorants, as well as biochemical pharmaceutical and other preparations and articles of any nature and kind whatsoever.

3. To carry on the business of manufacture and formulation of and dealers in agricultural chemicals and allied products of any nature and kind whatsoever and without prejudice to the generality of the premises to carry on business of manufacturers of and dealers in product of organic or inorganic chemistry manufactured by way of synthesis or bio-chemical reactions for the field of applications as insecticides, acaricides, herbicides, rodenticides, bactericides, fungicides, ovicides, molluscicides hygienics and allied fields.

4. To equip, maintain, work, purchase, acquire, take on hire and /or on charter and let out and /or hire vehicles, motorcars, trucks, lorries, omnibuses, road tankers, motor-cycles, scooters, ships, vessels, tankers, barges, launches, tugs, hydrofoils, helicopters, hovercrafts and all other means of transport by land, sea, inland water ways and air for the carriage of passengers, livestock, other animals, goods, produce and merchandise of every kind or description and to carry on the business of general carriers and forwarding agents, bonded warehousemen, stores of goods, wares and merchandise of every kind and description and to maintain workshop for housing and repairs and maintenance of all the vehicles aforesaid.

5. To carry on the business of a leasing and hire purchase finance company and to provide on lease or on hire purchase all types of industrial and office plant, equipment, machinery, vehicles and buildings, household appliances and equipments, medical equipments and computers.

   The main object clause of our Memorandum of Association and the objects incidental or ancillary to the main objects enables the Company to undertake our existing activities and the activities for which the funds are being raised in the issue.

Scheme of Amalgamation of Aryan Pesticides Limited with the Company:

SCHEME OFAMALGAMATION UNDER SECTION 391 READ WITH SECTION 394 OF THE COMPANIES ACT, 1956 AND THEIR RESPECTIVE SHAREHOLDERS.

PART I - PRELIMINARY

1. DEFINITIONS

   In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings :

   1.1 ''the Act'' means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.

   1.2 ''the Appointed Date'' means 1st April, 2003 or such other date as may be fixed by the High Courts at Mumbai and Gujarat.

   1.3 ''the Effective Date'' means the last of the dates on which the sanctions and approvals and the Orders sanctioning the Scheme referred to in Clause I of Part III of the Scheme are obtained.

   1.4 ''the Scheme'' means this Scheme of Amalgamation.

   1.5 ''the Transferor Company'' means Aryan Pesticides Limited (APL), a Company incorporated under the Companies Act, 1956 and having its Registered Office at Plot Nos. 1, 2, 26 & 27, MIDC Industrial Area, Dhatav, Roha - 402 116. Dist. Raigad, Maharashtra.

1.6 ''the Transferee Company'' means Deepak Nitrite Limited (DNL), a Company incorporated under the Companies Act, 1956 and having its Registered Office at 9/10, Kunj Society, Alkapuri, Baroda - 390 007.

1.7 ''Undertaking'' means :

(a) all the assets and properties of the Transferor Company as on the Appointed Date;

(b) all the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date; and includes all the reserves, movable and immovable properties and assets of the Transferor Company including their leasehold rights, tenancy rights, Industrial and other licenses, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual property rights, import quotas, telephones, telex, fascimile and other communication facilities and equipments, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

2. SHARE CAPITAL

2.1 The Authorised and the Issued, Subscribed and Paid up share capital of the Transferor Company is as follows :

AUTHORISED : 1,00,00,000 Equity Shares of Rs. 10/- each	Rs. 10,00,00,000/-
ISSUED, SUBSCRIBED AND PAID PAID UP : 50,28,200 Equity Shares of Rs. 10/- each	5,02,82,000/-

2.2 ''The Authorised and the Issued, Subscribed and Paid up Capital of the Transferee Company is as follows :

AUTHORISED : 3,00,00,000 Equity Shares of Rs. 10/- each 20,00,000 Preference Shares of Rs 100/- each	 30,00,00,000/- 20,00,00,000/-
ISSUED, SUBSCRIBED AND PAID UP : 28,34,000 Equity hares of Rs. 10/- each fully paid. 29,16,000 Equity shares of Rs. 10/- each issued as fully paid up at a premium of Rs. 40/- per share on automatic conversion on 24-11-1991 of Part A of 12.5% Partly Convertible Debentures	 2,83,40,000/- 2,91,60,000/-
Total	5,75,00,000/-

PART II - THE SCHEME

1. DATE WHEN THE SCHEME COMES INTO OPERATION

1.1 Although the Scheme comes into operation from the Appointed Date it shall only become effective from the Effective Date.

2. TRANSFER OF UNDERTAKING

2.1 With effect from the Appointed Date, the Undertaking shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act, stand transferred to and vest in or be deemed to be transferred to and vest in the Transferee Company without any further act, deed matter or thing (save as provided in Clause 2.2 of this part) so as to become the property or liabilities of the Transferee Company but subject to all charges affecting the same; Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facilities availed of by the Transferor Company and the Transferee Company shall not be obliged to create any further or additional security therefor after the Effective Date or otherwise.

2.2 All the movable assets of the Transferor Company shall be physically handed over by manual delivery to the Transferee Company to the end and intent that the ownership and property therein passes to the Transferee Company, on such handing over. The amounts lying with the Banks to the credit of the Transferor Company as of the Appointed Date shall also be transferred to the Transferee Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of the Transferor Company and the Transferee Company within thirty days from the date of the respective Orders of the High Courts at Mumbai and Gujarat sanctioning the Scheme.

2.3 On and from the Appointed Date and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required, the reserves and the balance in the Profit and Loss Account of the Transferor Company will be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company. In other words, the reserves and the balance in the Profit and Loss Account of the Transferor Company as on the Appointed Date shall be incorporated in the books and Balance Sheet of the Transferee Company.

2.4 The difference between the amount recorded as fresh share capital issued by the Transferee Company on amalgamation and the amount of share capital of the Transferor Company shall be reflected in the reserves of the Transferee Company.

2.5 With effect from the Appointed Date all the debts, liabilities, duties and obligations of the Transferor Company shall, pursuant to the Orders of the High Courts at Mumbai and Gujarat under Section 394 and other applicable provisions of the Act and without any further act or deed, be also transferred or deemed to be transferred to and vest in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.

3. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

3.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before or after the Effective Date shall remain in full force and effect against or in favour of the Transferee Company and shall be binding on and be enforceable against the Transferee Company as fully and effectually as if it had at all material times been a party thereto.

4. LEGAL PROCEEDINGS

4.1 If any suit, appeal or other proceedings of whatever nature (hereinafter referred to as ''the Proceedings'') by or against the Transferor Company is pending on or after the Appointed Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or of anything contained in the Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

5. EMPLOYEES OF THE TRANSFEROR COMPANY

5.1 All permanent employees of the Transferor Company immediately preceding the Effective Date shall become the permanent employees of the Transferee Company on and from the Effective Date on the basis that;

(a) their services shall be deemed to have been continuous and not have been interrupted by reason of the transfer of the Undertaking;

(b) the terms and conditions of service applicable to suchemployees after such transfer shall not in any way be less favourable than those applicable to them immediately preceding the said transfer;

(c) as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of such permanent employees of the Transferor Company is concerned, on and from the Effective Date, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the obligation to make contributions to such Funds in accordance with the provisions of such Funds according to the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of such permanent employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of such Funds.

6. CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY UNTIL EFFECTIVE DATE :

6.1 With effect from the Appointed Date and upto and including the Effective Date, the Transferor Company shall :

(a) carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;

(b) carry on its business with reasonable diligence and shall not without the prior written consent of the Transferee Company alienate charge or otherwise deal with or dispose of the Undertaking or any part thereof except in the ordinary course of its business;

(c) not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business;

(d) not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business.

6.2 with effect from the Appointed Date and upto and including the Effective Date the Transferee Company :

(a) shall carry on its business with reasonable diligence and shall not without the prior written consent of the Transferor Company alienate or otherwise deal with or dispose of its business or all or a substantial part of the assets pertaining thereto except in the ordinary course of its business;

(b) shall not vary the terms and conditions of service of its permanent employees except in the ordinary course to its business.

7. DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES

7.1 Dividends may be declared or paid by the Transferor Company or Transferee Company after mutual consultation with each other.

7.2 Neither the Transferor Company nor the Transferee Company shall issue or allot after the Appointed Date any rights shares, bonus shares or other shares out of their respective authorized or unissued share capital for the time being, without the consent of each other.

8. ISSUE AND ALLOTMENT OF SHARES BY TRANSFEREE COMPANY

8.1 Upon the Scheme becomes finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act or deed issue and allot equity shares of Rs. 10/- each credited as fully paid up in the capital of the Transferee Company to every equity shareholder of the Transferor Company whose name appears in the Register of Members on a date (''Record Date'') to be fixed by the Board of Directors of the Transferee Company in the proportion of, for every 5 (Five) Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up of the Transferor Company, 1 (One) Equity Share of Rs. 10/- (Rupees Ten only) fully paid up of the Transferee Company. The equity shares when issued and allotted by the Transferee Company (other than those held by the Transferee Company in the Transferor Company) in terms of this Scheme shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank for dividend, voting rights and in other respects pari passu with the existing equity shares of the Transferee Company.

8.2 The shares of the Transferor Company held by the Transferee Company shall stand cancelled.

8.3 No fractional coupons/shares shall be issued by the Transferee Company in respect of fractional share entitlement, if any, to which the shareholders of the Transferor Company may be entitled to under the Scheme. On issue and allotment of shares by the Transferee Company as aforesaid, the Board of the Transferee Company shall consolidate such fractional entitlements to which the shareholders of the Transferor Company may be entitled and shall issue and allot shares in lieu thereof to a director or an officer, and such director or officer to whom such shares shall be allotted, shall sell the same in the market at the best available price and pay to the Transferee Company the net sale proceeds thereof and the Transferee Company shall distribute such net sale proceeds to those shareholders of the Transferor Company in the proportion in which they are entitled to such fractional entitlements.

8.4 Every shareholder of the Transferor Company shall surrender to the Transferee Company for cancellation, the relevant share certificates held by him/her in the Transferor Company and take all steps to obtain from the Transferee Company certificates for the equity shares in the Transferee Company which he/she may be entitled to in terms of the Scheme.

8.5 For the purpose aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the consent of the Securities and Exchange Board of India and other concerned authorities, to the issue and allotment of equity shares to the shareholders of the Transferor Company.

9. APPLICATIONS TO THE HIGH COURTS AT MUMBAI AND GUJARAT

9.1 On the Scheme being approved by the requisite majority of shareholders of the Transferor Company and the Transferee Company respectively representing the required value, the Transferor Company and the Transferee Company shall, with all reasonable despatch, apply under Sections 391 and 394 of the Act to the High Courts at Mumbai and Gujarat as the case may be for sanctioning the Scheme and for such further order or orders thereunder as the High Courts at Mumbai and Gujarat may deem fit for carrying the Scheme into effect and for dissolution of the Transferor Company without winding up.

10. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

10.1 The Transferor Company and the Transferee Company through their respective Board of Directors may in their full and absolute discretion assent to any modifications or amendments to the Scheme which the High Courts at Mumbai and Gujarat as the case may be, shareholders of the Transferor Company and/or Transferee Company and/or any other Competent Authority may deem fit to approve and may give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith (including any question, doubt or difficulty arising in connection with any deceased or insolvent shareholder of the Transferor Company or the Transferee Company) and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect. In the event that any modification or amendment to the Scheme is unacceptable to the Transferor Company and/or the Transferee Company for any reason whatsoever the Transferor Company and/or Transferee Company shall be entitled to withdraw from the Scheme.

10.2 For the purpose of giving effect to the Scheme or to carry out any modification or amendment thereto, the Board of Directors of the Transferor Company and the Transferee Company or any Committee thereof is authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question, doubt or difficulty whatsoever that may arise.

PART III - GENERAL

1. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

1.1 The Scheme is conditional on and subject to :

(a) the sanction or approval of all persons or authorities concerned including the Securities and Exchange Board of India (SEBI) and the Stock Exchanges being obtained and granted in respect of any of the matters provided for or relating to the Scheme for which such sanction or approval is required;

(b) the approval of the Scheme by the requisite majorities representing the required values of the shareholders of the Transferor Company and of the Transferee Company;

(c) the sanctions of the High Courts at Mumbai and Gujarat under Sections 391 and 394 of the Act and to the necessary Orders under Section 394 of the Act being obtained;

(d) the approval of any Competent Authority including Reserve Bank of India, if and to the extent required, being obtained to the issue and allotment of equity shares in the Transferee Company in accordance with the provisions of the Scheme; and

(e) certified copies of the Orders of the High Courts at Mumbai and Gujarat sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, and with Registrar of Companies, Gujarat, by the Transferor Company and the Transferee Company respectively.

2. WHEN SCHEME TO BECOME NULL AND VOID

2.1 In the event of any of the sanctions or approvals referred to in Clause 1.1. of this Part not being obtained and/or the certified copies of the Orders referred to in Clauses 1.1 (a) and (e) respectively of this Part not being filed as aforesaid on or before 31st March, 2004 or within such further period or periods as may be agreed upon between the Transferor Company by its Board of Directors and the Transferee Company by its Board of Directors or the Transferor Company and/or the Transferee Company withdrawing from the Scheme pursuant to Clause 10.1 of Part II of the Scheme, the Scheme shall become null and void and in such event no rights or liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Company and the Transferee Company. Each party shall, in such event, bear its respective costs, charges and expenses in connection with the Scheme.

3. COSTS AND EXPENSES

3.1 Subject to Clause 2.1 of this Part, all costs, charges and expenses including stamp duty and registration fees of or in respect of any deed, document, instrument or Orders of the High Courts at Mumbai and Gujarat in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of the Scheme shall be borne and paid wholly by the Transferee Company.

Changes in the Memorandum of Association

The following changes have been made in the Memorandum of Association:

Date	Remarks
19th August, 1976	Increase in Authorised Capital from Rs. 1.00 crore to Rs. 3.00 crores vide an increase in Authorised Equity Capital from Rs. 60 Lacs to Rs. 1.00 crore and Unclassified Shares from Rs. 20 Lacs to Rs. 1.80 cores .
21st April, 1979	Authorised Capital was reclassified wherein equity capital was increased from Rs. 1.00 crore to Rs. 2.00 crore, Preference Capital from Rs.20 Lacs to Rs.50 Lacs and Unclassified Shares reduced from Rs. 1.80 crore to Rs. 50 Lacs.
14th March, 1980	Clause 69 A and 69 B were inserted after object Clause 69 of the Memorandum.
28th November, 1984	Clause 3 A and 3 B were inserted after object Clause 3 of the Memorandum.
23rd March, 1985	Increase in Authorised Capital from Rs. 3.00 crores to Rs. 5.00 crores vide an increase in Authorised Equity Capital from Rs. 2.00 crores to Rs. 4.00 crores.
24th March, 1988	Increase in Authorised Capital from Rs. 5.00 crores to Rs. 7.50 crores vide an increase in Authorised Equity Capital from Rs. 4.00 crores to Rs. 6.50 crores.
24th November, 1990	Increase in Authorised Capital from Rs. 7.50 crores to Rs. 15.00 crores vide an increase in Authorised Equity Capital from Rs. 6.50 crores to Rs. 14.00 crores.
12th December, 1993	Increase in Authorised Capital from Rs. 15.00 crores to Rs. 50.00 crores vide an increase in Authorised Equity Capital from Rs. 14.00 crores to Rs. 49.00 crores.
16th September, 1995	Authorised Capital was reclassified wherein equity capital was reduced from Rs. 49.00 crores to Rs. 39.50 crores, Preference Capital was increased from Rs. 50 Lacs to Rs. 10.00 crores.
26th September, 1998	Authorised Capital was reclassified wherein equity capital was reduced from Rs. 39.50 crores to Rs. 30.00 crores, Preference Capital was increased from Rs. 10.00 Crores to Rs. 20.00 crores and Unclassified Shares of Rs. 50 lacs were cancelled.

Subsidiaries of the Company

The Company has no Subsidiaries.

Shareholders' Agreement

There is no Shareholder's Agreement existing as on date.

Other Agreements

Other than the Contracts/Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other agreement/Contract.

Financial / Strategic Partners

There are no financial or strategic partners.

4. MANAGEMENT OF THE COMPANY:

The Company is a professionally managed organization. The Company functions under the control of Board consisting of professional Directors.

Name, Address, Age, Designation	Date of Appointment	Qualification	Other Directorships	Compensation (2004 - 2005) in Rs
Mr. C. K. Mehta Age: 73 Years Address: 7, N Gamadia Road, Mumbai - 400026 Designation: Chairman Occupation: Industrialist Tenure: Liable to retire by rotation	02-05-1970	–	• Deepak Fertilisers & Petrochemicals Corpn. Ltd. • Sofotel Software Services Pvt. Ltd. • The Lakaki Works Pvt. Ltd. • Storewell Credits & Capital Pvt. Ltd. • Deepak Asset Reconstruction Pvt. Ltd. • Blue Shell Investments Pvt. Ltd.	84,000/- including sitting fees and Commission
Mr. D. C. Mehta Age: 49 Years Address: 7, N Gamadia Road, Mumbai - 400026 Designation: Managing Director Occupation: Industrialist Tenure: five years with effect from 14th December 2003	14.06.1978	B.Sc.	• Skyrose Finvest Pvt. Ltd. • Sundown Finvest Pvt. Ltd. • Forex Leafin Pvt. Ltd. • Pranawa Leafin Pvt. Ltd. • Hardik Leafin Pvt. Ltd. • The Lakaki Works Pvt. Ltd. • Stiffen Credits & Capital Pvt. Ltd. • Stigma Credits And Capital Pvt. Ltd., • Stepup Credits and Capital Pvt. Ltd. • Checkpoint Credits and Capital Pvt. Ltd. • Samoon Investment & Finance Pvt. Ltd.	59,91,353/-
Mr. A. C. Mehta Age: 46 Years Address: 7, N Gamadia Road, Mumbai - 400 026 Designation: Managing Director Occupation: Industrialist Tenure: five years with effect from 1st December 2004	01.12.1989	B. Sc. (Hons) M. S. (Chem. Eng.)	• Deepak Fertilisers & Petrochemicals Corpn. Ltd. • Signassure Services India Ltd., • Blue Shell Investments Pvt. Ltd. • Stiffen Credits And Capital Pvt. Ltd. • Stigma Credits and Capital Pvt. Ltd. • Stepup Credits and Capital Pvt. Ltd. • Checkpoint Credits and Capital Pvt. Ltd. • Prolific Credits and Capital Pvt. Ltd. • Skyrose Finvest Pvt. Ltd. • Sundown Finvest Pvt. Ltd. • Forex Leafin Pvt. Ltd. • Pranawa Leafin Pvt. Ltd. • Hardik Leafin Pvt. Ltd. • Sofotel Software Services Pvt. Ltd. • Superpose Credits And Capital Pvt. Ltd. • Vittakshem Insurance & Financial Services Pvt. Ltd. • The Lakaki Works Pvt. Ltd. • Sterling Synergy Systems Pvt. Ltd. • Deepak Asset Reconstruction Pvt. Ltd. • Stillhard Credits and Capital Pvt. Ltd. • Staunch Credits and Capital Pvt. Ltd. • Epitome Credits and Capital Pvt. Ltd. • Suitwell Credits and Capital Pvt. Ltd. • Samoon Investment & Finance Pvt. Ltd.	50,06,918/-
Mr. Shrenik Kasturbhai Lalbhai Age: 80 Years Address: "AKSHAY" 1 st Floor, 53, Shrimali Society, Navrangpura, Ahmedabad - 380 009 Designation: Director Occupation: Industrialist Tenure: Liable to retire by rotation	02.04.1971	MBA	• Nirma Limited • Anukul Investments Pvt. Limited • Able Investments Pvt. Ltd. • Animesh Holdings Pvt. Ltd.	Rs.84,000/-

Name, Address, Age, Designation	Date of Appointment	Qualification	Other Directorships	Compensation (2004 - 2005) in Rs
Dr. S. S. Agarwal Age: 69 Years Address: Cottage No. 11, Oberoi Apartments, 2, Shamnath Marg, New Delhi - 110 054 Designation: Director Occupation: Industrialist Tenure: Liable to retire by rotation	02.05.1970	M. Tech., Phd., MISE, MIIF	• N.M.C. Carbonic Ind. Pvt. Ltd. • Foundry Chemicals Inds. Pvt. Ltd. • S. S. Foundry Chemical Indus. Pvt. Ltd. • Buse India Pvt. Ltd. • Bihar Hydro Carbon Products Pvt. Ltd. • Bharat Prakashan Ltd., • The Frontier Chemicals Works (Proprietor)	72,000/-
Mr. M.R. B. Punja Age: 80 Years Address: 232, Ranka Paradise, 9, Prime Rose Road, Bangalore - 560 025 Designation: Director Occupation:Company Director Tenure: Liable to retire by rotation	20.01.1988	B.A.	• Andhra Petrochemicals Ltd. • Suprajit Engineering Ltd. • Hindustan Spg. And Wvg. Mills Ltd. • Apollo Tyres Ltd. • Chowgule Steamships Ltd. • Sushruta Medical Aid & Research Hospital Ltd. • Seshasayee Paper & Boards Ltd. • Delite Engineering Pvt. Ltd. • Suprajit Chemicals Pvt. Ltd.	2,12,000/-
Mr. A. K. Dasgupta Age: 74 Years Address: 2, Anandvan Society, Sama Road, Vadodara - 390 008 Designation: Director Occupation:Consultant Tenure: Liable to retire by rotation	14.06.1978	B. Sc. (Chem. Eng.)	• Enpro Projects Consultants Pvt. Ltd.	1,46,000/-
Mr. Nimesh Kampani Age: 59 Years Address: 141, Maker Chambers III, 13th Floor, Nariman Point, Mumbai - 400 021 Designation: Director Occupation: Investment Banker Tenure: Liable to retire by rotation	21.10.2003	B.Com, FCA	• JM Financial Ltd., • J. M. Financial & Investment Consultancy Services Pvt. Ltd. • J. M. Financial Trustee Co. Pvt. Ltd., • JM Morgan Stanley Pvt. Ltd. • JM Morgan Stanley Financial Services Pvt Ltd. • JM Morgan Stanley Fixed Income Security Pvt. Ltd. • J. M. Morgan Stanley Securities Pvt. Ltd. • Capital Market Publishers India Pvt. Ltd. • Kampani Consultants Ltd. • Apollo Tyres Ltd. • Ranbaxy Laboratories Ltd. • KSB Pumps Ltd. • Britannia Industries Ltd • Gujarat Ambuja Cements Ltd	1,28,000/-
Mr. Hasmukh Shah Age: 71 Years Address: 15, Dhanusya Society, Sama Road, Vadodara - 390 008 Designation: Director Occupation:Company Director Tenure: Liable to retire by rotation	21.10.2003	M.A.	• Shaily Engineering Plastics Ltd. • Oswal Multimedia KID. Ltd. • Gujarat Gas Co. Ltd. • Supreme Petrochem Ltd. • Atul Ltd. • Micro Inks Ltd. • Sun Pharmaceutical Industries Ltd. • Cosmo Films Ltd., • Dinesh Remedies Ltd.	1,28,000/-
Mr. Sudhin Choksey Age: 52 Years Address: B-603, Rushin Towers, B/H Bidiwala Park, Off. Satelite Road, Ahmedabad - 380 015 Designation: Director Occupation: Company Executive Tenure: Liable to retire by rotation	30.03.2005	B. Com. ACA .	• Gruh Finance Ltd. • Gujarat State Financial Services Ltd.	NIL

Brief Write-up on Directors:

1. **Mr. Chimanlal K. Mehta:** He is the founder of the Company and is associated with it since 2nd May, 1970, right from the date of inception of the Company. He is an industrialist, having 50 years of experience in the Chemical Trade and Industry and is also the founder of Deepak Fertilisers and Petrochemicals Corporation Limited. He is the Chairman of both the Companies.

2. **Mr. Deepak C. Mehta:** He is a Science Graduate closely associated with the Company since 27 years. He is the Managing Director of the Company and successfully looking after day-to-day affairs of the Company since 1983.

3. **Mr. Ajay C. Mehta:** He is a Science Graduate with Honours and Master of Science (Chemical Engineering) from the University of Texas, USA. He is actively associated with the Company since 1984 and is the Managing Director of the Company since 1st December 1989.

4. **Mr. Shrenik Kasturbhai:** He is a well known Industrialist and an MBA from Harvard University. He is a financial expert and a person upholding the highest virtues. He provided exemplary leadership as the Chairman of the Company for a period of 27 years from the Company's inception till 1998. He is associated with the Lalbhai group of Companies for past many years.

5. **Dr. S.S. Aggarwal:** He is associated with the Company as a Director right from the inception of the Company. He is M.Tech. from I.I.T., Bombay and is doctorate in Chemistry. He is also a Member of Institute of Standard Engineers and Institute of Foundry Men. He is an expert in the field of chemical industry and has developed many technologies in India.

6. **Mr. M.R.B. Punja:** He is the Ex-Chairman and Managing Director of the Industrial Development Bank of India (IDBI), a premier financial institution of the Country. He possesses experience in the field of Finance and Management.

7. **Mr. A. K. Dasgupta:** He is a Science Graduate along with Bachelor of Chemical Engineering having experience in the field of chemicals and is responsible for producing various resins and chemicals for the first time in India. He is associated with many professional Bodies at various levels and has presented many papers at various national and international seminars. He has been associated with the Company since 1978.

8. **Mr. Nimesh Kampani:** He is a Chartered Accountant. He has built up 25 years of strong domestic franchise for the J M Financial Group in India. He is arguably the oldest investment banker in the Country, has in a career spanning the last three decades, been involved in the development of the capital markets in India and advised many Corporates on restructuring, mergers and acquisitions and providing complete financial solutions tailor-made for their capital raising needs.

   He is an active member of numerous committees and has been a committed participant in initiatives taken to introduce best practices in the capital markets. He has served on various committees of Securities and Exchange Board of India (SEBI) and was a member of the Bhagwati Committee on SEBI Regulation for Substantial Acquisition of Shares and Takeovers. He has also served as a Chairman and Member of the Financial Services Committee and National Council of the Confederation of Indian Industry (CII). He is greatly valued by many of the top Corporates in India for his advisory role and is an active member on the Board of several Companies. He is associated with the Company since 2003.

9. **Mr. Hasmukh Shah:** He is Ex-Chairman and Managing Director of Indian Petrochemicals Corporation Limited. He has also held various important positions like Joint Secretary to the Prime Minister of India, Secretary of Post and Telegraph Board, Chairman of Gujarat Industrial Investment Corporation, Vice Chairman of GE Capital (India), Chairman of Gujarat Industrial Research and Development Agency and Gujarat Ecology Commission. He has made significant contribution in social, cultural and rural development activities like leprosy eradication, water management conservation and management of man-made and other natural heritage.

   He has also contributed significantly in the academic research areas. He is holding the office of Chairman in National Institute of Design and Gujarat Institute of Desert Ecology and is an active member on the Board of several Companies.

10. **Mr. Sudhin Choksey:** He is a Chartered Accountant. He has experience in the field of Finance. He is the Managing Director of GRUH Finance Ltd., Ahmedabad and also a Director and member of the Audit Committee of Gujarat State Financial Services Ltd.

None of the Directors are related to each other except Mr. C. K. Mehta, Mr. D. C. Mehta and Mr. A. C. Mehta. Mr. C. K. Mehta is father of Mr. D. C. Mehta and Mr. A.C. Mehta.

Details of the Borrowing Powers

The Shareholders of the Company by passing a resolution pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956 at the Annual General Meeting held on 6th August, 2005, authorised the Board of Directors to borrow from time to time, all such sums of moneys as it may deem require, necessary or expedient, for the purpose of the business of the Company

upon such terms and conditions and with or without security, as it may in its absolute discretion think fit, notwithstanding that the money or monies to be borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves (that is, reserves not set apart for any specific purpose); provided, however, that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the limit of Rs. 250 crores (Rs. Two Hundred Fifty Crores only).

Compensation of Managing Directors

Mr D. C. Mehta

Resolution passed by the Board of Directors of the Company at the Board Meeting held on 21st October, 2003.

1. The remuneration comprising of salary, perquisites, other benefits and allowances payable to Mr D. C. Mehta, as the Managing Director shall be Rs. 1,75,000/- p.m. or Rs. 21,00,000/- p.a. which is within the limits specified in schedule XIII of the Companies Act, 1956 (the Act). In the absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration payable to him.
2. In addition to the salary, perquisites and allowances payable as stated in (1) above, the Managing Director shall also be paid a Commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company as at the end of each financial year, subject to the overall ceiling stipulated in Sections 198, 309 and other relevant provisions of the Act.
3. Perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
4. The Companies contribution to provident fund, super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration as set out in paragraph (1) above.
5. The aforesaid remuneration specified in clause (1) and (2) above shall be reviewed by the Board after the close of the financial year, and if the Company has made the profits in that year then Mr D. C. Mehta shall be paid such enhanced remuneration as the Board may decide subject to the ceiling limits specified in Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with the Schedule XIII of the Act or any modifications or re-enactment thereof.
6. Other terms:
   (a) The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites.
   (b) The Managing Director shall be entitled to reimbursement of all expenses including entertainment and travelling actually incurred in the course of Company's business.
   (c) The Managing Director shall not be entitled to sitting fees for attending the meeting of the Board of Directors or Committees thereof.

Current Term of Office of Mr D C Mehta

At the meeting of the Board of Directors held on 21st October 2003, the Board of Directors of the Company has approved, subject to the approval of members, the re-appointment of Mr D. C Mehta as a Managing Director of the Company for a period of five years with effect from 14th December 2003.

Mr A. C. Mehta:

Resolution passed by the Board of Directors of the Company at the Board Meeting held on 26th October, 2004.

1. The remuneration comprising of salary, perquisites, other benefits and allowances payable to Mr A. C. Mehta, as the Managing Director shall be Rs. 1,75,000/- p.m. or Rs. 21,00,000/- p.a. which is within the limits specified in schedule XIII of the Companies Act, 1956 (the Act). In the absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration payable to him.
2. In addition to the salary, perquisites and allowances payable as stated in (1) above, the Managing Director shall also be paid a Commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company as at the end of each financial year, subject to the overall ceiling stipulated in Sections 198, 309 and other relevant provisions of the Act.

3. Perquisites and allowances shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.

4. The Companies contribution to provident fund, super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration as set out in paragraph (1) above.

5. The aforesaid remuneration specified in clause (1) and (2) above shall be reviewed by the Board after the close of the financial year, and if the Company has made the profits in that year then Mr A. C. Mehta shall be paid such enhanced remuneration as the Board may decide subject to the ceiling limits specified in Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with the Schedule XIII of the Act or any modifications or re-enactment thereof.

6. Other terms:
   (a) The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of Car for use of Company's business and telephone at residence will not be considered as perquisites.
   (b) The Managing Director shall be entitled to reimbursement of all expenses including entertainment and travelling actually incurred in the course of Company's business.
   (c) The Managing Director shall not be entitled to sitting fees for attending the meeting of the Board of Directors or Committees thereof.

Current Term of Office of Mr A C Mehta

At the meeting of the Board of Directors held on 26th October 2004, the Board of Directors of the Company has approved, subject to the approval of members, the re-appointment of Mr A. C Mehta as a Managing Director of the Company for a period of five years with effect from 1st December 2004.

Compliance with Corporate Governance

The Company has complied with the SEBI guidelines in respect of Corporate Governance by Board, constituting the Committee such as Audit Committee, shareholding/investor grievance committee, etc. The Company's philosophy on corporate governance envisages the attainment of a high level transparency and accountability in the functioning of the company and the efficient conduct of its business, including its interaction with employees, shareholders, depositors, creditors, consumers, financial institutions and other lenders. Accountability improves decision making and transparency helps to explain the rationale behind decisions which in turn helps building confidence in the Company.

Measures taken by the Company to implement Corporate Governance

- The Board of Directors of the Company comprises of two Executive Directors and eight Non-Executive directors. The number of independent directors is more than one-third of total number of Directors.
- The meetings of the Board of Directors of the Company are held at least four times a year and with a maximum time gap of four months between two meetings.
- The members of the Board are provided with all the requisite information well in advance of the Board meetings and the same are dealt with appropriately. All the Directors who are on various committees are within the permissible limits of the Listing agreement.
- The Company has constituted following Committees of the Board of Directors

AUDIT COMMITTEE

The Audit Committee has been constituted to oversee the Company's financial reporting process, internal control systems, reviewing the accounting policies, report of the Company's Internal Auditors and financial statements audited by the Statutory Auditors as also to review financial and risk management policies.

The Audit Committee comprises of following Members

Name of Member	Designation	Category
Mr.M.R.B.Punja	Chairman	Non-Executive Director
Mr. A. K. Dasgupta	Member	Non-Executive Director
Mr. Sudhin Choksey	Member	Non-Executive Director

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been constituted to approve and monitor transfers, transmissions, splitting and consolidation of shares, issue of duplicate share certificates etc.

The Share Transfer Committee consists of Mr. D.C. Mehta and Mr. A.C. Mehta, Managing Directors and Mr. A.K. Dasgupta, Non- Executive Director.

INVESTORS GRIEVANCE COMMITTEE

The Investor Grievance Committee has been constituted to look into redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of annual reports etc. received from the shareholders / investors of the Company.

The Investor Grievance Committee consists of Mr. A. K. Dasgupta, Non- Executive Director who is the Chairman of the Committee, Mr. D. C. Mehta and Mr. A.C. Mehta, Managing Directors.

Qualification Shares required to be held by Directors

As per the Articles of Association of the Company, no qualification share is prescribed for being a Director.

Interest of Directors

Except as stated in "Related Party Transactions" on page 99 of this Letter of Offer, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page nos. 69-70 of this Letter of Offer, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in this Letter of Offer, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

The Board of Directors of the Company at its meeting held on 16th December 2005 has decided to sell the factory plot located at Pune. The Company has received an offer from an associate Company to buy the plot at a consideration of Rs 30 crores which has been accepted by the Board of Directors.

Payments to Non-Executive Directors

For the Financial Year ended March, 31, 2005				
Name of the Director	**Sitting Fees for Board Meeting Rs.**	**Sitting Fees for Committee Meeting Rs.**	**Commission Rs.**	**Total Rs.**
Mr. C. K. Mehta	14,000	0	70,000	84,000
Mr. Shrenik Kasturbhai	14,000	0	70,000	84,000
Mr. M. R. B. Punja	14,000	8,000	1,90,000	2,12,000
Dr. S. S. Aggarwal	12,000	0	60,000	72,000
Mr. A. K. Dasgupta	14,000	12,000	1,20,000	1,46,000
Mr. Nimesh Kampani	8,000	0	1,20,000	1,28,000
Mr. Hasmukh Shah	8,000	0	1,20,000	1,28,000
Mr. Sudhin Choksey	0	0	0	0
Mr. D. R. Mehta	6,000	2,000	0	8,000

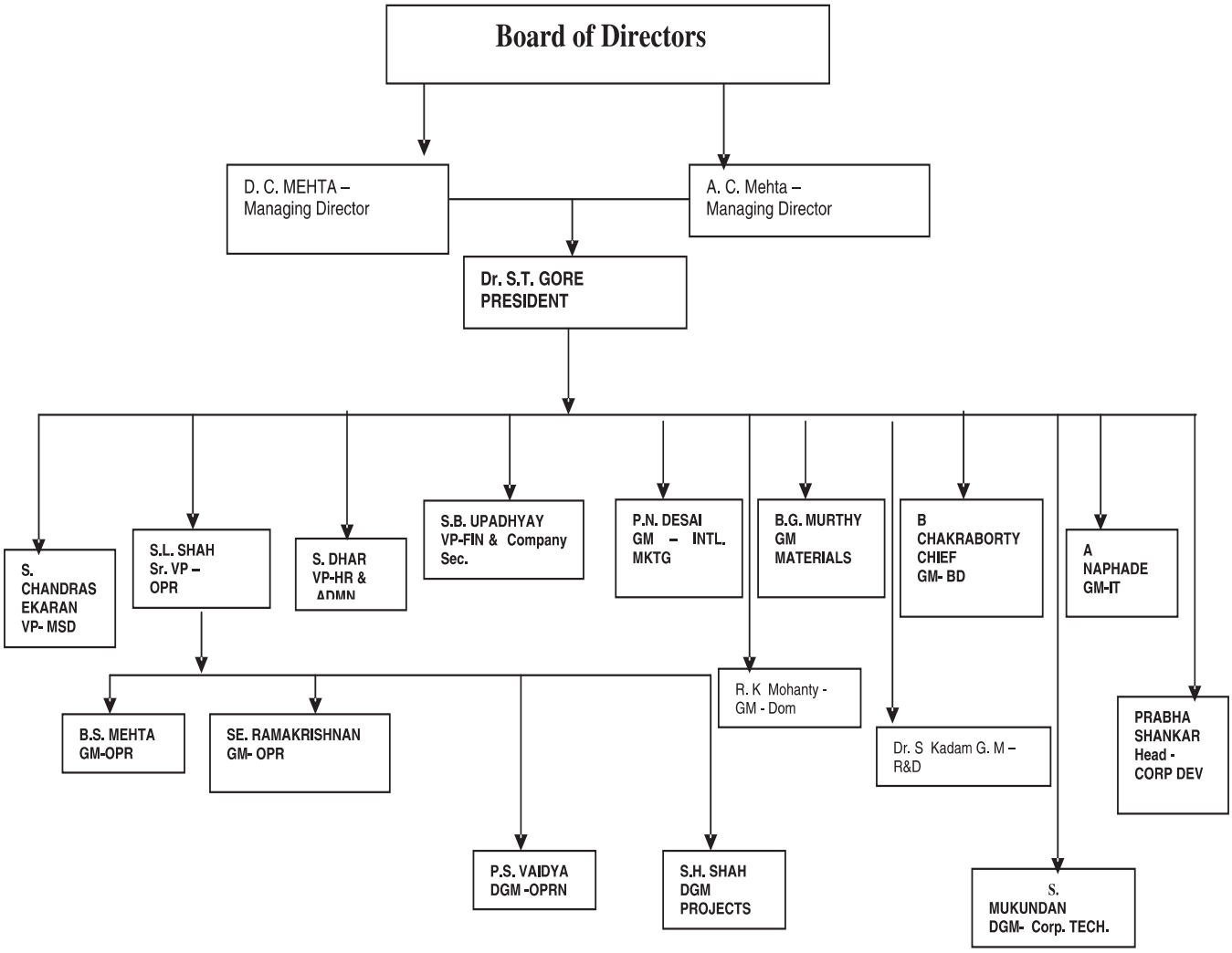
For Nine months ended December, 31, 2005				
Name of the Director	**Sitting Fees for Board Meeting Rs.**	**Sitting Fees for Committee Meeting Rs.**	**Commission Rs.**	**Total Rs.**
Mr. C. K. Mehta	25,000	0	0	25,000
Mr. Shrenik Kasturbhai	5,000	0	0	5,000
Mr. M. R. B. Punja	15,000	12,000	0	27,000
Dr. S. S. Aggarwal	15,000	0	0	15,000
Mr. A. K. Dasgupta	20,000	17,000	0	37,000
Mr. Nimesh Kampani	20,000	0	0	20,000
Mr. Hasmukh Shah	10,000	5,000	0	15,000
Mr. Sudhin Choksey	25,000	17,000	0	42,000

Changes in the Directors in the last three years:

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Year of Change	**Name of Director**	**Reasons of Change**
21st October 2003	1. Mr. Nimesh Kampani	Appointed as a Director.
	2. Mr. Hasmukh Shah	Appointed as a Director.
7th June, 2004	1.Mr. K.N.Pujara	Ceased to be a Director upon withdrawal of nomination by Unit Trust of India.
16th Sep, 2004	2. Mr. D. R. Mehta	Ceased to be a Director upon withdrawal of nomination by ICICI Bank.
30th March, 2005	Mr. Sudhin Choksey	Appointed as a Director.
3rd August, 2005	Mr. D D Udeshi	Ceased to be a Director upon Resignation

MANAGEMENT ORGANIZATION STRUCTURE



KEY MANAGERIAL PERSONNEL

The Board of Directors of Deepak Nitrite are supported by the Key Personnels as given below:

Sr No	Name	Age	Qualification	Designation	Area	DOJ (MM/DD/YY)	Exp (Years)	Previous Employment	Gross Remuneration in Rs. Lacs (2004—05)
1	S.T. Gore	52	Ph. D (Organic Chemistry)	President	Responsible for entire functions of DNL	7/1/1996	29	Apte Amalgamations Ltd	30.44
2	S L Shah	49	B.E. (Electrical) - 1980	Sr. VP - Operations	Responsible for Operations at all locations	9/11/1995	22	Haldyn Glass Gujarat Ltd	22.40
3	S Chandrasekaran	59	B E (Mechanical), BE (Ind.) - 1969,1980	VP-MSD	Responsible for Management Services Div.	5/1/1988	34	DFPCL	17.39
4	Siddharth Dhar	50	B.Tech (Chem. Eng.), Dip. In Tr. & Dev. - 1977, 1988	VP-HR & Admn	Responsible for HR & Admn. at all location	2/4/2002	28	Reliance Industries Ltd	19.55
5	Prabha Shankar	50	MMS – 1977	Head-Corporate Development	Responsible for Corporate Development	6/13/2005	27	Cummins Diesel Sales & Services Ltd	NIL*
6	S B Upadhyay	44	ICWA, C.S - 1987, 2001	VP-Finance & Company Secretary	Responsible for Finance & Secretarial	2/4/1994	23	Bhor Industries Ltd	15.00
7	B Chakrabarty	55	B.Sc, PGDBM - 1979, 1980	Chief GM-BUS. DEV	Responsible for Bus. Dev.	3/3/1992	24	Aegis Chemical Industries Ltd	13.07
8	A J Naphade	48	M. Tech (Ind. Mgmt) – 1981	GM-ITS	Responsible for entire IT function	3/1/1997	24	The Premier Automobiles Ltd	10.07
9	Badrinath Murthy	53	BSC, DBM, MBA 1973, 1977,1981	GM-Materials	Responsible for Materials at all locations	8/4/2003	22	Sudarshan Chemicals Ltd	11.81
10	B S Mehta	57	B.E. (Chemical) - 1971	GM-Operations	Responsible for Operations at Nandesari	9/14/1978	27	first employment	10.50
11	R K Mohanty	45	B.Sc., PGDBM - 1988	GM-Domestic Marketing	Responsible for Domestic Marketing	6/13/1989	22	M/s Lloyd Insulation (I) Pvt Ltd	13.00
12	P N Desai	43	B.Tech (Chem) - 1985	GM - International Marketing	Responsible for International Marketing	1/18/1993	20	Godrej Soaps Ltd	13.00
13	S.R. Kadam	51	Ph.D (Organic Chemistry) - 1981	GM - R & D	Responsible for R & D	10/15/2004	22	Merind Ltd	13.40
14	S E Ramakrishnan	50	B.Sc (Applied Science) - 1975	GM-Operations	Responsible for Operations at Roha	7/5/1989	30	M/s Tamil Nadu Industrial Explosive Ltd	9.88
15	P S Vaidya	49	B. Chemical Eng. - 1978	DGM-Operations	Responsible for Operations at Taloja	7/20/1978	27	first employment	8.22

The persons whose names appear as key management personnel are on the rolls of the Company as permanent employees.

* Joined on 13th June 2005

Total Employees Strength as on 15th February 2006.

Sr. No	Name of the Unit	Administrative	Skilled	Unskilled	Total
1	Aryan Pesticides Ltd	39	75	125	**239**
2	Corporate including Deepak Research and Development Foundation	147	5	–	**152**
3	Nitrite Division – Nandesari	50	137	59	**246**
4	Nitro Division – Nandesari	52	63	–	**115**
5	SDC Division	0	2	–	**2**
6	Taloja Chemical Division	20	43	41	**104**
	Total	**308**	**325**	**225**	**858**

Shareholding of key managerial personnel as on 31st January 2006.

Name of the Key Managerial Personnel	No. Of equity shares held
Dr S. T. Gore – President	4000
Mr Satish L Shah – Sr. Vice President (Operations)	50

Changes in the key managerial personnel in the last three years

Sr. No.	Names of key managerial personnel	Designation	Month/year of change	Reason
1.	Prabha Shankar	Head- Corporate Development	June 2005	Appointed
2.	Dr R N Khante	VP-Technology	April 2003	Resigned
3.	M R Harshe	GM – Materials	September 2003	Retired
4.	S B Bedekar	VP – Finance	April 2004	Resigned
5.	Dr C P Bapat	GM – R & D	July 2004	Resigned
6.	J T Vora	GM – Outsourcing	April 2005	Retired

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date the Company has not introduced any Employee Stock Option Scheme / Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

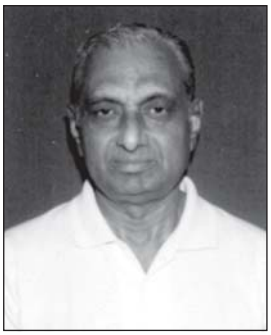
Except the payment of salaries and perquisites, the Company does not make any payment to its officers.

5. PROMOTERS:

Details of Promoters being Individuals:

1. Mr C. K. Mehta

   Designation: Chairman



Permanent Account Number : AAFPM 0905 P

Passport Number : Z-1515757

MAPIN Number : A00512277

Address: : Kejriwal House, 7, N, Gamadia Road, Mumbai - 400 026

Mr. Chimanlal K. Mehta (73) is the founder of the Company and is associated with it since 2nd May 1970, right from the date of inception of the Company. He is an industrialist, having 50 years of experience in the Chemical Trade and Industry and is also founder of Deepak Fertilisers and Petrochemicals Corporation Limited. He is the Chairman of both the Companies.

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2. Mr D. C. Mehta

   Designation: Managing Director



Permanent Account Number : AAHPM 6688 F

Passport Number : Z-1585494

Driving License Number : 531374

Address: : Kejriwal House, 7, N, Gamadia Road, Mumbai - 400 026

Mr. Deepak C. Mehta (49) is a Science Graduate closely associated with the Company since 27 years. He is the Managing Director of the Company and successfully looking after day to day affairs of the Company since 1983.

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3. Mr A. C. Mehta

   Designation: Managing Director



Permanent Account Number : AAFPM3456K

Passport Number : Z-1585413

MAPIN Number : A00510883

Address: : Kejriwal House, 7, N, Gamadia Road, Mumbai - 400 026

Mr A. C. Mehta (47) is the Managing Director since 1989. He is a Science graduate and Master of Science (Chemical Engineer) from University of Texas USA. He is actively associated with the Company since 1984. He is having experience in the field of Chemical.

Details of Promoter being a Company:

i. Stiffen Credits and Capital Private Limited

Permanent Account Number	**AAACS8044D**
Company Registration Number	**11-82395**
Nature of Business	**Investments in Shares & Securities**

The Company was incorporated on 26th October 1994. The Paid up share capital of the company is Rs 5,00,000. The Company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any Company.

Promoters: -

1. Ajay C Mehta
2. Shailesh C Mehta

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares	% of Holding
1	Deepak C Mehta	25,000	50.00
2	Ila Deepak Mehta	10,000	20.00
3	Meghav D Mehta	3,500	7.00
4	Maulik D Mehta	3,500	7.00
5	Ajay C Mehta	2,000	4.00
6	Shailesh C Mehta	2,000	4.00
7	Chimanlal K Mehta	2,000	4.00
8	Kantaben C Mehta	2,000	4.00
		50,000	**100.00**

Board of Directors as on 10th December 2005

1. Deepak C Mehta
2. Ajay C Mehta
3. Shailesh Mehta

Financials of the Company:-

Rs in Lacs except per share data

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	13.78	12.42	12.31
Profit After Tax	13.55	12.29	7.23
Share Capital	5.00	1.00	1.00
Reserves (excluding revaluation reserves)	29.46	15.91	87.37
Networth	34.46	16.91	88.37
Earnings Per Share (EPS) (Rs)	27.10	122.90	72.30
Net Asset Value (NAV) per share (Rs)	68.92	169.10	883.70

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

ii. Stigma Credits and Capital Pvt. Ltd

Permanent Account Number	**AAACS8031J**
Company Registration Number	**11-82391**
Nature of Business	**Investments in Shares & Securities**

The Company was incorporated on 26th October 1994. The Paid up share capital of the company is Rs 5,00,000. The Company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any Company.

Promoters: -

1. Ajay C Mehta
2. Shailesh C Mehta

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares	% of Holding
1	Deepak C Mehta	25,000	50.00
2	Ila Deepak Mehta	10,000	20.00
3	Meghav D Mehta	3,500	7.00
4	Maulik D Mehta	3,500	7.00
5	Ajay C Mehta	2,000	4.00
6	Shailesh C Mehta	2,000	4.00
7	Chimanlal K Mehta	2,000	4.00
8	Kantaben C Mehta	2,000	4.00
		50,000	**100.00**

Board of Directors as on 10th December 2005

1. Deepak C Mehta
2. Ajay C Mehta
3. Shailesh Mehta

Financials of the Company:-

Rs in Lacs except per share data

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	10.16	10.16	10.16
Profit After Tax	9.89	10.08	5.87
Share Capital	5.00	1.00	0.01
Reserves (excluding revaluation reserves)	19.05	9.15	(0.93)
Networth	24.05	10.15	(0.93)
Earnings Per Share (EPS) (Rs)	19.78	100.80	11740
Net Asset Value (NAV) per share (Rs)	48.10	101.50	(1850.00)

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

iii. Stepup Credits and Capital Pvt. Ltd

Permanent Account Number	**AAACS8045C**
Company Registration Number	**11-82394**
Nature of Business	**Investments in Shares & Securities**

The Company was incorporated on 26th October 1994. The Paid up share capital of the company is Rs 5,00,000.The Company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any Company.

Promoters: -

1. Ajay C Mehta
2. Shailesh C Mehta

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares	% of Holding
1	Deepak C Mehta	25,000	50.00
2	Ila Deepak Mehta	10,000	20.00
3	Meghav D Mehta	3,500	7.00
4	Maulik D Mehta	3,500	7.00
5	Ajay C Mehta	2,000	4.00
6	Shailesh C Mehta	2,000	4.00
7	Chimanlal K Mehta	2,000	4.00
8	Kantaben C Mehta	2,000	4.00
		50,000	**100.00**

Board of Directors as on 10th December 2005

1. Deepak C Mehta
2. Ajay C Mehta
3. Shailesh Mehta

Financials of the Company:-

Rs in Lacs except per share data

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	11.37	11.37	11.37
Profit After Tax	11.14	11.26	6.59
Share Capital	5.00	1.00	1.00
Reserves (excluding revaluation reserves)	23.55	12.41	1.15
Networth	28.55	13.41	2.15
Earnings Per Share (EPS) (Rs)	22.28	112.60	65.90
Net Asset Value (NAV) per share (Rs)	57.10	134.10	21.50

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

iv. Checkpoint Credits and Capital Pvt. Ltd

Permanent Account Number	**AAACC3389D**
Company Registration Number	**11-82474**
Nature of Business	**Investments in Shares & Securities**

The Company was incorporated on 28th October 1994. The Paid up share capital of the company is Rs 5,00,000. The Company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any Company.

Promoters: -

1. Ajay C Mehta
2. Shailesh C Mehta

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares	% of Holding
1	Deepak C Mehta	25,000	50.00
2	Ila Deepak Mehta	10,000	20.00
3	Meghav D Mehta	3,500	7.00
4	Maulik D Mehta	3,500	7.00
5	Ajay C Mehta	2,000	4.00
6	Shailesh C Mehta	2,000	4.00
7	Chimanlal K Mehta	2,000	4.00
8	Kantaben C Mehta	2,000	4.00
		50,000	**100.00**

Board of Directors as on 10th December 2005

1. Deepak C Mehta
2. Ajay C Mehta
3. Shailesh Mehta

Financials of the Company:-

Rs in Lacs except per share data

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	11.9	12.4	12.21
Profit After Tax	11.67	12.26	7.14
Share Capital	5.00	1.00	1.00
Reserves (excluding revaluation reserves)	26.99	15.32	3.06
Networth	31.99	16.32	4.06
Earnings Per Share (EPS) (Rs)	23.34	122.6	71.4
Net Asset Value (NAV) per share (Rs)	63.98	163.20	40.60

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

v. Skyrose Finvest Pvt. Ltd

Permanent Account Number	**AAACS8055L**
Company Registration Number	**11-82852**
Nature of Business	**Investments in Shares & Securities**

The Company was incorporated on 7th October 1994. The Paid up share capital of the company is Rs 15,00,000. The Company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any Company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares	% of Holding
1	Deepak C Mehta	75,000	50.00
2	Ila Deepak Mehta	30,000	20.00
3	Meghav D Mehta	17,500	11.67
4	Maulik D Mehta	17,500	11.67
5	Blueshell Investments Pvt. Ltd	6,647	4.43
5	Ajay C Mehta (Blueshell Investment Pvt. Ltd - Nominee)	3,323	2.22
6	Shailesh C Mehta	15	0.01
7	Parul Shailesh Mehta	15	0.01
		1,50,000	**100.00**

Board of Directors as on 10th December 2005

1. Deepak C Mehta
2. Ajay C Mehta
3. Shailesh Mehta

Financials of the Company:-

Rs in Lacs except per share data

Particulars	31stMarch 2005	31stMarch 2004	31stMarch 2003
Total Income	179.27	126.77	16.17
Profit After Tax	163.07	114.14	9.92
Share Capital	15.00	1.00	1.00
Reserves (excluding revaluation reserves)	286.27	123.2	9.06
Net Worth	301.27	124.20	10.06
Earning Per Share (EPS) (Rs)	108.71	1141.40	99.20
Net Asset Value (NAV) per Share	200.85	1242.00	100.60

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Declaration

It is confirmed that the PAN, Passport Number and MAPIN/Driving License of Mr C. K. Mehta, Mr D. C. Mehta and Mr A C Mehta have been submitted to the Stock Exchanges on which the Equity shares are proposed to be listed, at the time of filing of Letter of Offer with them. In respect of corporate promoters as listed above, their respective PAN, Company Registration number are submitted to the Stock Exchanges, on which the Equity Shares are proposed to be listed.

Common Pursuits

None of the Group Company/Companies promoted by promoters are engaged in the same business as of the Company.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Save as stated in this Letter of Offer neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in Deepak Nitrite Ltd and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Letter of Offer or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation of Managing Directors" on page 72 of this Letter of Offer, and dividend, if any declared on the Equity Shares, there are no payment or benefit to promoters of the Company.

6. RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS:

For details of related party transactions please refer to Annexure VII of the Financial Statement of Auditor's Report

7. CURRENCY OF PRESENTATION:

In this Letter of Offer, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India and all references to "Dollar" and "Pound Sterling" are to the legal currency of the American Union and United Kingdom.

In this Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

8. DIVIDEND POLICY:

The declaration and payment of dividends is recommended by the Board of Directors and approved by the shareholders, at their discretion, and is dependent on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

As a policy the Company believes in rewarding its shareholders. DNL is a regular dividend paying company. The Company pays dividend in the range of 20% to 40%. The Company had to skip dividend in the year 1996-97 due to inadequacy of profit which was compensated by paying additional dividend of 20% in the year 1999-2000.

SECTION V : FINANCIAL STATEMENTS

We the Lead Managers to the issue confirm that all Notes to the Accounts, Significant Accounting Policies as well as Auditor's Qualification, if any, has been incorporated.

FINANCIAL INFORMATION OF THE COMPANY

AUDITORS' REPORT

The Board of Directors
Deepak Nitrite Limited
9/10, Kunj society,
Alkapuri, Baroda - 390 007

Dear Sirs,

As required by Part II of Schedule II to the Companies Act, 1956 and The Securities And Exchange Board of India (Disclosure And Investor Protection) Guidelines 2000 issued by The Securities And Exchange Board of India ("SEBI") in pursuance of Section 11 of the SEBI Act, 1992 ("SEBI Guidelines"), we have examined the financial information contained in the statements annexed to this report which is proposed to be included in the Letter of Offer of DEEPAK NITRITE LIMITED ("the Company") in connection with the proposed Rights Issue and we report that :

We have examined the ' Statement of Assets and Liabilities - Restated' as on 31st March 2001, 2002, 2003, 2004, 2005 and 30th September 2005, (Annexure IA), 'Statement of Profits and Losses - Restated' for the financial years / half year ended on those dates (Annexure IB), the 'Statement of Cash Flows - Restated' for the financial years / half year ended on those dates (Annexure IC) and the related financial statement schedules (Annexures II to VIII and XIV to XIX). The said financial information is extracted from the financial statements for each of the financial years ended on 31st March 2001, 2002, 2003, 2004 and 2005 audited by us and adopted by the Members of the Company as also the accounts of the Company for the half year ended on 30th September 2005 approved by Board of Directors of the Company which have been examined by us and found correct and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made in our opinion, in accordance with the provisions of Part II of Schedule II of the Companies Act 1956 and the SEBI Guidelines. These statements are primarily the responsibility of the Company's Management and have been prepared by the Company and audited by us in terms of the above requirements.

1. We have examined the following financial information of the Company relating to the financial years stated above, proposed to be included in the Offer Document, approved by the Board of Directors and annexed to this report:
   a) Statement of Dividend Paid by the Company (Annexure IX)
   b) Summary of the Accounting Ratios based on the adjusted profits relating to Earnings Per Share, Net Asset Value and Return on Net Worth (Annexure X)
   c) Capitalisation Statement of the Company (Annexure XI)
   d) Statement of 'Other Income' (Annexure XII)
   e) Tax Shelter Statement (Annexure XIII)
2. The Company does not have any subsidiary as of 31st March, 2005 and 30th September 2005, and hence the financial information in respect of subsidiary Companies that existed in earlier years has not been included.

In our opinion, the financial information of the Company as attached to this report as mentioned in paragraph (1) above, read with the significant accounting policies (Annexure II) has been prepared in accordance with the provisions of Part II of Schedule II of the Companies Act 1956 and the SEBI Guidelines.

This report is intended solely for the use of DEEPAK NITRITE LIMITED, for the purpose of inclusion in the Offer Document in connection with the proposed Rights Issue of the Company. This report may not be used or relied upon by, or disclosed, referred to or communicated by yourself (in whole or in part) to, any third party for any purpose other than the stated use, except with our written consent in each instance, and which consent may be given only after full consideration of the circumstances at that time.

for B. K. Khare & Co.
Chartered Accountants

Sunil Bhandari
Partner
M. No. 37388

Mumbai :
Date : 21st December 2005.

Annexure I A

Statement of Assets & Liabilities - Restated

(Rs. In lacs)

	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
A	**Fixed Assets :**						
	Gross Block	23,922.79	23,611.99	21,236.17	16,042.55	15,106.40	14,641.10
	Less:						
	Depreciation	11,271.84	10,473.65	9,402.21	6,853.06	6,141.98	5,513.58
	Net Block	12,650.95	13,138.34	11,833.96	9,189.49	8,964.42	9,127.52
	Less: Revaluation Reserve	189.10	193.13	203.24	213.85	229.92	252.76
	Net block (after adjustment of Revaluation Reserve)	12,461.85	12,945.21	11,630.72	8,975.64	8,734.50	8,874.76
	Capital Work in Progress	373.58	339.28	641.19	105.71	439.12	163.84
		12,835.43	**13,284.49**	**12,271.91**	**9,081.35**	**9,173.62**	**9,038.60**
B	**Investments**	156.29	156.29	156.29	1,545.97	1,323.52	1,057.67
C	**Current Assets, Loans and Advances :**						
	Inventories	3,939.06	4,572.85	3,937.38	3,350.43	2,580.61	2,873.41
	Sundry Debtors	6,468.19	7,316.25	4,462.61	6,198.47	4,759.04	4,235.11
	Cash and Bank Balances	515.11	515.30	244.55	201.30	104.04	123.27
	Loans and Advances	3,559.18	3,479.74	3,110.84	2,324.00	2,043.31	2,268.86
	Other Current Assets	295.81	307.05	536.83	403.50	468.48	313.93
	Total Current Assets	**14,777.35**	**16,191.19**	**12,292.21**	**12,477.70**	**9,955.48**	**9,814.58**
D	**Liabilities and Provisions:**						
	Secured Loans	7,756.25	6,098.48	4,615.16	5,651.75	5,089.24	5,690.26
	Unsecured Loans	4,141.57	6,947.83	5,532.82	3,526.11	3,393.97	2,736.70
	Deferred Tax Liability	2,004.79	1,918.75	1,658.39	1,906.71	1,902.42	–
	Current Liabilties	4,245.32	4,889.32	3,912.02	3,827.35	3,056.14	3,359.80
	Provisions	1,719.87	1,934.33	1,752.09	1,569.25	1,192.74	1,104.35
		19,867.80	**21,788.71**	**17,470.48**	**16,481.17**	**14,634.51**	**12,891.11**
E	**Net Worth**	**7,901.27**	**7,843.26**	**7,249.93**	**6,623.85**	**5,818.11**	**7,019.74**
	Represented by						
F	**Shareholders Funds :**						
	Share Capital	598.21	598.21	598.21	575.00	575.00	575.00
	Reserves	3,766.15	3,770.20	3,522.05	3,597.56	3,313.61	4,751.67
	Less: Revaluation Reserve	189.10	193.13	203.24	213.85	229.92	252.76
	Reserves (Net of Revaluation Reserve)	3,577.05	3,577.07	3,318.81	3,383.71	3,083.69	4,498.91
	P & L A/c - Restated	4,257.00	3,680.00	3,410.13	2,814.19	2,159.42	1,945.83
	Miscellaneous Expenditure not written off	(530.99)	(12.02)	(77.22)	(149.05)	–	–
G	**Net Worth**	**7,901.27**	**7,843.26**	**7,249.93**	**6,623.85**	**5,818.11**	**7,019.74**

Annexure IB

Statement of Profits & Losses - Restated

(Rs. In lacs)

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
INCOME						
Sales						
Of Products Manufactured by the Company	16,399.94	31,507.75	26,975.62	22,834.22	19,357.93	18,870.15
Of Products Traded in by the Company	177.74	618.93	866.69	2,097.93	1,799.29	1,147.75
Total Sales	**16,577.68**	**32,126.68**	**27,842.31**	**24,932.15**	**21,157.22**	**20,017.90**
Other Income						
Other operating income	231.39	556.73	326.69	261.69	298.06	159.64
Other Income	65.90	218.38	862.87	227.70	303.13	1,023.81
Increase / (Decrease) in Inventories	365.45	(328.34)	(269.37)	838.69	(311.63)	487.58
	17,240.42	**32,573.45**	**28,762.50**	**26,260.23**	**21,446.78**	**21,688.93**
Expenditure						
Raw Materials Consumed	10,838.67	19,992.49	16,726.38	15,242.68	11,898.00	12,215.58
Staff Costs	1,195.09	2,497.89	2,195.16	1,759.95	1,608.66	1,533.53
Other Manufacturing expenses	2,324.66	4,654.13	4,771.17	4,353.45	3,531.45	3,515.07
Administration Expenses	594.02	1,253.96	1,217.64	955.81	1,006.41	1,040.33
Selling and Distribution Expenses	291.19	554.73	450.18	406.02	327.53	357.62
Interest	584.23	1,128.61	1,293.52	1,292.84	1,406.73	1,216.77
Depreciation	555.22	999.68	1,163.82	773.83	733.32	702.30
Wealth Tax	1.80	4.55	2.70	2.66	2.40	2.40
Prior Year Adjustment	–	–	3.95	–	(5.71)	(7.79)
	16,384.88	**31,086.04**	**27,824.52**	**24,787.24**	**20,508.79**	**20,575.81**
Profit before Extra-Ordinary Items	**855.54**	**1,487.41**	**937.98**	**1,472.99**	**937.99**	**1,113.12**
Less : Exceptional Items	–	–	–	–	–	–
Profit before Tax - before Restatement	855.54	1,487.41	937.98	1,472.99	937.99	1,113.12
Adjustments :						
Effect of Change in Accounting Policy / Treatment	2.22	64.05	195.94	(29.81)	–	(93.55)
Other Adjustments	–	–	3.95	(3.95)	(5.71)	(2.08)
Total Adjustments	2.22	64.05	199.89	(33.76)	(5.71)	(95.63)
Profit before Tax - after Restatement	**857.76**	**1,551.46**	**1,137.87**	**1,439.23**	**932.28**	**1,017.49**
Provision for Tax*	(280.03)	(481.75)	(125.00)	(302.25)	(148.22)	(90.00)
Current tax / DTA / DTL on Adjustments	(0.75)	(26.54)	(87.08)	12.41	2.03	8.10
Net Profit After Tax - Restated	**576.98**	**1,043.17**	**925.79**	**1,149.39**	**786.09**	**935.59**
Balance Brought forward - Restated	3,680.01	3,410.15	2,814.21	2,159.42	1,945.83	1,550.69
Profit available for Appropriation - Restated	**4,257.00**	**4,453.31**	**3,740.00**	**3,308.81**	**2,731.92**	**2,486.28**
Appropriation						
General Reserve	–	500.00	400.00	500.00	1,579.82	400.00
Other Reserves	–	–	(272.60)	(200.00)	(1,179.82)	(17.96)
Dividend	–	239.28	179.46	172.50	172.50	143.75
Tax on Dividend	–	34.02	22.99	22.10	–	14.66
Balance carried forward as per Restated Accounts	4,257.00	3,680.01	3,410.15	2,814.21	2,159.42	1,945.83
Total	**4,257.00**	**4,453.31**	**3,740.00**	**3,308.81**	**2,731.92**	**2,486.28**

*** Tax provision for the Half Year Ended 30.09.05 includes Fringe Benefit Tax - Rs. 14.10 lacs.**

Annexure IC

Statement of Cash Flow - Restated

(Rs. In lacs)

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
A) CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before Income Tax and Extra Ordinary Items	857.78	1,551.46	1,137.87	1,439.23	932.28	1,017.49
Add: 1) Depreciation	552.98	995.25	938.07	773.83	733.32	702.30
2) Interest	460.08	912.19	1,150.49	1,118.02	1,254.74	1,105.37
3) Wealth Tax	1.80	4.55	2.70	2.66	2.40	2.40
4) Deferred Expenses	3.01	77.22	77.69	–	–	–
5) Loss on Sale Of Fixed Assets	17.84	46.61	–	5.23	29.40	24.99
6) Diminution in value of Investment	–	–	–	–	30.29	–
7) Impairment of Assets held for disposal	264.95	–	–	35.58	69.48	–
	2,158.44	3,587.28	3,306.82	3,374.55	3,051.91	2,852.55
Less: 1) Interest Income	10.52	21.44	23.38	16.17	42.12	15.18
2) Dividend Income	0.32	0.72	97.59	88.58	117.93	98.75
3) Profit on Sale of assets	–	–	69.71	15.80	–	746.46
4) Profit on Sale of Investment	–	–	373.64	–	–	–
	10.84	22.16	564.32	120.55	160.05	860.39
Operating Profit Before Changes in Working Capital	**2,147.60**	**3,565.12**	**2,742.50**	**3,254.00**	**2,891.86**	**1,992.16**
Adjustment for changes in Current Assets/Liabilities						
Add: 1) Loans and Advances	77.95	–	–	62.48	146.79	–
2) Inventories	633.79	–	78.94	–	292.79	–
3) Trade Receivable	848.05	–	–	–	–	–
4) Trade Payable	–	953.08	–	823.34	–	–
	1,559.79	953.08	78.94	885.82	439.58	–
Less: 1) Inventories	–	635.48	–	769.82	–	428.12
2) Trade Payable	999.57	–	543.51	–	319.85	108.71
3) Trade Receiveble	–	2,853.64	5.08	1,439.43	523.93	935.22
4) Loans and Advances	–	56.56	314.89	–	–	231.59
	999.57	3,545.68	863.48	2,209.25	843.78	1,703.64
Cash generated from operations	2,707.82	972.52	1,957.96	1,930.57	2,487.66	288.52
Less :Direct Taxes paid	149.92	67.73	111.37	291.24	23.01	157.79
CASH INFLOW BEFORE EXTRA ORDINARY ITEMS	2,557.90	904.79	1,846.59	1,639.33	2,464.65	130.73
Less: Deferred Revenue Expenditure paid	521.97	12.02	–	149.05	–	–
Net Cash Inflow From Operating Activities (A)	**2,035.93**	**892.77**	**1,846.59**	**1,490.28**	**2,464.65**	**130.73**

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
B) CASH FLOW FROM INVESTING ACTIVITIES						
1) Sale of Fixed Assets	2.63	3.96	137.40	56.64	20.79	755.96
2) Interest Received	14.30	15.21	38.82	11.60	46.31	25.00
3) Dividend Received	0.32	0.72	97.59	88.58	117.93	98.75
4) Loan From Companies	–	–	0.01	–	0.83	10.49
5) Sale of Investments	–	–	1,330.91	–	–	–
	17.25	19.89	1,604.73	156.82	185.86	890.20
Less: 1) Purchase of Fixed Assets (Including advance on capital accounts)	391.17	2,434.64	1,356.39	745.59	1,045.81	1,298.40
2) Investments in Shares	–	–	133.11	222.45	296.15	39.91
	391.17	2,434.64	1,489.50	968.04	1,341.96	1,338.31
Net Cash Generated From Investing Activities (B)	**(373.92)**	**(2,414.75)**	**115.23**	**(811.22)**	**(1,156.10)**	**(448.11)**
C) CASH FLOW FROM FINANCIAL ACTIVITIES						
Inflow:1) Proceeds from Long Term Borrowings From Banks and Financial Institutions	300.00	1,500.00	883.72	1,702.00	1,350.00	1,383.63
2) Increase in Working Capital Borrowings	1,913.99	1,140.45	–	460.74	–	–
3) Proceeds From other Borrowings	–	1,415.00	1,460.43	132.14	657.27	1,616.46
4) Increase in Capital	–	–	–	–	–	0.81
	2,213.99	4,055.45	2,344.15	2,294.88	2,007.27	3,000.90
Less :						
Outflows: 1) Repayment of Long Term Borrowing and HP arrangements	556.23	1,157.12	1,737.28	1,600.23	1,697.68	546.36
2) Decrease in Working Capital Borrowing	2,806.25	–	1,338.77	–	253.34	817.82
3) Interest paid	480.15	908.07	1,129.04	1,105.17	1,226.09	1,149.69
4) Dividend paid including Corporate Dividend Tax	33.56	197.53	197.76	171.28	157.94	158.35
	3,876.19	2,262.72	4,402.85	2,876.68	3,335.05	2,672.22
Net Cash Flow Generated From Financial Activities(C)	**(1,662.20)**	**1,792.73**	**(2,058.70)**	**(581.80)**	**(1,327.78)**	**328.68**
Net Increase In Cash And Cash Equivalents (A+B+C)	(0.19)	270.75	(96.88)	97.26	(19.23)	11.30
Cash and cash equivalents-Opening Balance	515.30	244.55	341.43	104.04	123.27	111.97
Cash and cash equivalents-Closing Balance	515.11	515.30	244.55	201.30	104.04	123.27

Annexure II

Statement of Significant Accounting Policies :

(1) Revenue Recognition:

(a) Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales taxes and excise duties (the recovery of which is shown separately) but include, where applicable, export incentives. Conversion income is recognised on completion of production.

(b) Revenue in respect of overdue interest, insurance claim etc. is recognised to the extent Company is reasonably certain of its ultimate realisation.

(c) Expenses are accounted for on accrual basis except medical reimbursement and LTA for employees which are accounted for on cash basis

(d) Provisions are recognized when a present legal or constructive obligation exist and the payment is probable and can be reliably estimated.

(2) Fixed Assets

(a) Fixed assets are recorded at historical cost of acquisition or construction including borrowing cost and expenditure incidental and related to such construction/acquisition

(b) Impairment of Assets :In compliance with Accounting Standard (AS) 28 - "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the carrying amount of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds the recoverable amount.

(c) Depreciation / Amortisation :

(i) Depreciation is provided on Straight Line basis by applying the rates prescribed in Schedule XIV to the Companies Act, 1956 with reference to the original cost of fixed assets acquired/installed after 1.4.87 except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value basis. For this purpose, the items of continuous process plant are identified by the technical officials of the Company. In respect of plant & machinery, depreciation is provided on pro-rata basis. The excess depreciation provided on revalued fixed assets over the amount computed on the above basis is withdrawn from the revaluation reserve and transferred to the Profit & Loss A/c.

In respect of depreciable assets for which Impairment Loss is recognized in line with the "Accounting Standard 28 – Impairment of Assets", depreciation/amortisation is charged on the revised carrying amount over the remaining useful life of the assets.

(ii) Premium paid on leasehold land is amortised equally over the tenure of the lease.

(3) Foreign Currency Transaction:

(a) Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

(b) In respect of forward exchange contracts the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract.

(c) Gains or losses on cancellation / settlement of forward exchange contracts are recognised as income or expense.

(4) Cost of borrowing :

In compliance with AS 16 "Borrowing Costs" issued by the ICAI, borrowing costs directly attributable to the acquisition/ construction of qualifying assets as also the borrowing costs of funds borrowed generally and used for the purpose of acquisition/construction of such assets is capitalised upto the date the assets are ready for use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(5) Valuation of Inventories:

(a) Raw Material, Packing Material and Stores & Spares are valued at cost. Cost is determined on FIFO basis.

(b) Finished goods and stock-in-process are valued at cost of purchase of raw materials and conversion thereof including the cost incurred in the normal course of business in bringing the inventories upto the present condition or at the net realisable value whichever is lower.

The inventory of joint products are valued by allocating the costs to the joint products by 'relative sales value' method.

(c) By-products are valued at net realisable price.

(6) Treatment of Retirement Benefits:

Contributions are made to the approved funds for providing benefits of provident fund, superannuation and retirement gratuities. Provision is made in respect of the amount of gratuity liability actuarially estimated at the end of the financial year over the amount funded with the Life Insurance Corporation of India. Provision is also made in respect of benefit of leave encashment on retirement, estimated on actuarial basis. Payments made under Voluntary Retirement Scheme is amortised over the period of 3 years.

(7) Treatment of contingent liabilities:

These liabilities are separately disclosed in the financial statements.

(8) Accounting for lease payments:

The annual accrual of the component of finance cost embedded in the lease rents payable over the primary lease term is charged to the Profit & Loss Account. On the other hand, the component representing the cost of leased assets is amortised over their useful life estimated on the basis of the SLM rates prescribed in Schedule XIV to the Companies Act, 1956 and accordingly charged to the Profit & Loss Account. The excess of the amount of lease rents falling due and paid during the year over the amounts so debited to the Profit & Loss Account is treated as prepaid expenditure and reflected in the Balance Sheet.

(9) Investments:

Long term investments are carried at cost, provision being made for any decline in the market value thereof otherwise than of a temporary nature.

(10) Income Tax :

In compliance with AS 22 'Accounting for Taxes on Income' issued by the ICAI, Company provides for deferred tax in respect of timing differences between taxable income and accounting income for a period that are capable of reversal in one or more subsequent period subject to consideration of prudence. The provision for deferred tax also includes the effect of change in tax rate. Provision for current Income Tax is made on current tax rate based on assessable income computed under the Income Tax Act 1961.

(11) Earnings per Share:

The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings per Share issued by the ICAI. Basic earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share is computed by dividing net income by the weighted average number of equity shares outstanding including shares pending allotment.

(12) Segment Reporting- Basis of Information:

The Company operates in three segments : Inorganic Intermediates, Organic Intermediates and Fine & Speciality Chemicals. Segments have been identified and reported taking into account the nature of the product, the differential risks and return of the segments, the organisation structure and the internal financial reporting systems.

Inter segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective of the Company.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under "Unallocable Expenses". Assets and Liabilities which relate to the enterprise as a whole but not allocable to segments on a reasonable basis, have been included under "Unallocable Assets / Liabilities".

Annexure III

Notes To The Summary Statement of Assets & Liabilities - Restated

(Rs. In lacs)

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
Adjustments - Increase / (Decrease) in Statement of Assets & liabilities						
a) Loans and Advances	–	–	–	–	–	5.71
b) Depreciation Reserve	(232.40)	(230.18)	(225.75)	–	–	–
c) Deferred Tax Liability	83.02	82.27	60.75	(10.96)	–	–
d) Tax on Adjustments	8.81	8.81	3.79	(11.58)	(10.13)	(8.10)
e) Current Liabilities	–	–	–	3.95		
f) Profit / (Loss) Carried forward	140.57	139.10	101.59	(11.22)	10.13	13.81
g) Miscellaneous Expenditure	–	–	(59.62)	(29.81)	–	–

Notes To The Summary Statement of Profits & Losses - Restated

(Rs. In lacs)

Sr. No.	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
A	Adjustments - (income) / expense in statement of profit and Loss Account on account of change in Accounting Policy / Treatment.						
	a) Depreciation	(2.22)	(4.43)	(225.75)	–	–	–
	b) DEPB	–	–	–	–	–	93.55
	c) VRS	–	(59.62)	29.81	29.81	–	–
	Sub Total	(2.22)	(64.05)	(195.94)	29.81	–	93.55
B	Other Adjustments						
	a) Prior Period Adjustments	–	–	(3.95)	3.95	5.71	2.08
	Total (A + B)	**(2.22)**	**(64.05)**	**(199.89)**	**33.76**	**5.71**	**95.63**
	Tax Adjustments consequent to above change - charge / (reversal)						
	a) Current Tax	–	5.02	15.37	(1.45)	(2.03)	(8.10)
	b) Deferred Tax Liability / (Asset)	0.75	21.52	71.71	(10.96)		
	Total Tax Impact	**0.75**	**26.54**	**87.08**	**(12.41)**	**(2.03)**	**(8.10)**

Notes on change in Accounting Policy / Treatment

1. Pursuant to the Scheme of Amalgamation, APL was merged with the Company with effect from 1st April 2003 (the Appointed Date). Certain Plants of APL (erstwhile Aryan Pesticides Ltd), were earlier classified by APL as General Plant and Machinery and depreciation charge was accordingly recognised by APL and subsequently adopted by DNL on merger of APL with DNL in the year 2003-04. With effect from 1st April 2004, based on technical evaluation, the said Plants were classified as Continuous Process Plants and useful life of said Plants was re-estimated. The consequential effect of this change, in so far as it relates to depreciation, is accordingly taken into account from 1st April 2003 i.e. the date of merger and the unamortised Written Down value as on that day is charged over the estimated remaining useful life of the said Plants.
2. Until the year 1999-00, the benefits from exports under Duty Entitlement Pass Book scheme (DEPB) were recognised in the year of realisation of export proceeds. From the year 2000-01 onwards, these benefits were recognised in the year of exports in consonance with the matching concept.
3. During the year 2004-05, the Company has changed its accounting policy of charging the payments made under the Voluntary Retirement Scheme to the Profit and Loss account over the re-estimated benefit period of 3 years. The said benefit period was earlier estimated at 5 years.
4. Current tax on adjustments is computed under normal tax provision / Book Profit tax at the applicable tax rates for the respective year.
5. Adjustments in Profit / (Loss) carried forward and Assets and Liabilites Statement are consequential.

Annexure IV

Notes to Accounts – Before Restatement

A) Notes to Accounts for the half year ended 30th September 2005

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs.18.31 lacs (Rs. 50.56 lacs).

2. In terms of Accounting Standard 28 – "Impairment of Assets" issued by the ICAI, the Company has reviewed its fixed assets and recognized certain assets impaired as under:-

Consequent to the decision taken by the Committee of Directors at its meeting held on 22nd June 2005 for relocation of manufacturing activities of SDC Division, Company has provided a sum of Rs.264.95 lacs, on account of discarded assets which is included under Other Expenditure. The Company has identified the said provision for Impairment of Assets in Fine & Speciality Chemicals segment and arrived at impairment loss considering estimated realizable value of scrap.

B) Notes to Accounts For the Year Ended March 31, 2005.

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs. 50.56 lacs.

2. In terms of Accounting Standard 28 - Impairment of Assets issued by the ICAI, the Company has reviewed its fixed assets and recognized certain assets impaired as under:-

   Fine & Speciality Chemical Business: Rs. 181.35 lacs pertaining to the assets which are under-performing due to depressed market conditions.

   Organic Intermediates Business: Rs. 195.38 lacs relating to certain civil construction of projects abandoned due to change in business plan after acquisition of business from erstwhile Aryan Pesticides Limited.

   Inorganic Intermediates Business : Rs. 4.50 lacs relating to under-performing assets due to depressed market condition.

   The Company has identified the above impairable assets and arrived at impairment loss considering the difference between the carrying amount and recoverable value of relevant assets, the recoverable amount being the net selling price determined on the basis of valuation report from Valuers.

   In accordance with the transitional provisions of AS-28, the impairment loss of Rs.241.73 lacs (Gross Rs.381.23 lacs less deferred tax Rs. 139.50 lacs) has been adjusted against the opening balance of the General Reserve as on 01.04.2004 since the impairment indicators existed prior to 31.3.2004.

3. **Based on technical evaluation, the Company has re-estimated the useful life of Plant & Machinery of its APL Division (erstwhile Aryan Pesticides Ltd.,) and the unamortised Written Down Value of the Plant & Machinery as on 31st March 2004 is charged over the estimated remaining useful life of the Plant & Machinery. Accordingly, the depreciation for the year has been recalculated and the profit for the year is higher by Rs. 206.88 lacs.**

4. During the year under consideration, the Company has changed its accounting policy of charging the payments made under the Voluntary Retirement Scheme to the Profit and Loss account over the re-estimated benefit period of 3 years. The said benefit period was earlier estimated at 5 years. Accordingly the opening unamortised amount of Rs.134.14 lacs has been charged to Profit & Loss Account and further payment of Rs.18.03 lacs made under Voluntary Retirement Scheme during the year is being amortised over the benefit period of 3 years. Resultantly the Profit for the year and the reserves as at the year end has been impacted by Rs.60.92 lacs (Net of Deferred Tax Rs. 30.91 lacs)

C) Notes to Accounts For the Year Ended March 31, 2004.

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs. 40.11 lacs.

2. Amalgamation of Aryan Pesticides Ltd. with the Company

   Pursuant to the scheme of amalgamation of Aryan Pesticides Ltd. with the Company as approved by the shareholders and subsequently sanctioned by the Honourable High Courts at Mumbai & Gujarat vide their order dated 12th February, 2004 and 24th March, 2004 respectively, effective on 31st March 2004 (the effective date) on filing of the Court order with the Registrar of Companies, Maharashtra, and Registrar of Companies Gujarat, the assets and liabilities of the erstwhile Aryan Pesticides Ltd. were transferred to and vested in the Company with effect from 1st April, 2003 (the Appointed date) The scheme has accordingly been given effect to in these accounts. Pending completion of the relevant formalities of transfer of assets and liabilities acquired pursuant to the scheme mentioned above, certain assets and liabilities continue to remain under the name of the Transferor Company.

D) Notes to Accounts For the Year Ended March 31, 2003.

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs. 69.79 lacs.

E) Notes to Accounts For the Year Ended March 31, 2002.

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs. 39.40 lacs.

2. In compliance with AS 22 "Accounting for taxes on Income " issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred tax during the year resulting from timing differences between book profits and tax profits. Accordingly, the net deferred tax liability pertaining to the period upto 31.03.2001 amounting to Rs. 1,815.20 lacs has been adjusted against Revenue Reserve in accordance with transitional provision of AS 22. This change in the accounting policy has further resulted in a deferred tax charge of Rs. 87,22,964/- for the year and profit after tax for the year is lower by the same amount.

F) Notes to Accounts For the Year Ended March 31, 2001.

1. Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for Rs.86.06 Lacs.

2. Until last year the benefits from exports under duty entitlement pass book scheme were recognized in the year of realization of export proceeds. From this year onwards, these benefits are recognized in the year of export in consonance with the matching concept. As a result, the net profit as per Profit and Loss Account for the year has been impacted to the extent of Rs. 93.55 lacs.

Annexure V

Statement of Contingent Liabilities

(Rs. In Lacs)

Sr No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
1	Claim/Demand not accepted by the Company	–	–	0.80	6.40	8.61	8.61
2	Disputed Income Tax, Sales Tax and Excise Liability	394.53	317.42	142.06	75.02	354.60	267.08
3	Unexpired Bank Guarantee/ Corporate Guarantee	28.67	51.76	83.47	100.75	79.09	455.54
4	Bills Discounted	6.98	457.10	504.85	230.70	723.93	699.73
5	Gujarat Pollution Control Board	86.69	86.69	86.69	86.69	86.69	86.69
6	Customs Duty on Imports	1,001.38	1,001.38	–	–	–	–

Annexure VI

Segmental Reporting - Restated

(Rs. In lacs)

Sr No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
I	**Segment Revenue**					
	a. Inorganic Intermediates	3,274.06	6,878.65	7,744.66	7,681.05	7,309.17
	b. Organic Intermediates	11,576.94	19,034.96	15,236.84	12,952.62	10,115.67
	c. Fine & Speciality Chemicals	1,970.73	6,942.08	5,556.16	5,181.53	4,037.84
	d. Investing / Financing	–	–	–	10.84	–
	e. Others	6.44	84.67	–	–	–
	Total	16,828.17	32,940.36	28,537.66	25,826.04	21,462.68
	Less: Inter Segment Revenue	19.11	256.94	368.66	207.85	7.40
	Net Sales / Income from operations	16,809.06	32,683.42	28,169.00	25,618.19	21,455.28
II	**Segment Results**					
	Profit + Loss (-)					
	before tax and Interest					
	a. Inorganic Intermediates	539.62	765.49	1,340.13	1,665.88	1,111.82
	b. Organic Intermediates	1,442.50	1,597.60	647.45	1,113.59	1,346.87
	c. Fine & Speciality Chemicals	(59.59)	1,189.97	848.66	687.71	396.14
	d. Investing / Financing	–	–	–	–	–
	Total	1,922.53	3,553.06	2,836.24	3,467.18	2,854.83
	Less (I) Interest	460.08	912.18	1,150.49	1,118.02	1,254.74
	(ii) Other un-allocable exp. net of un-allocable income	604.69	1,089.41	547.88	909.93	667.81
III	**Total Profit Before Tax**	**857.76**	**1,551.46**	**1,137.87**	**1,439.23**	**932.28**
	Provision for Taxation					
	- Current Tax	194.74	108.41	125.00	302.25	58.97
	- Deferred Tax	86.04	399.87	87.08	(12.41)	87.23
IV	**Profit After Tax**	**576.98**	**1,043.18**	**925.79**	**1,149.39**	**786.08**
V	**Segment Assets**					
	a. Inorganic Intermediates	3,383.48	4,057.68	3,733.52	4,417.17	4,523.23
	b. Organic Intermediates	15,309.34	15,518.85	13,022.79	10,745.71	9,303.53
	c. Fine & Speciality Chemicals	6,140.48	6,837.38	5,272.82	4,225.09	3,348.77
	d. Investing / Financing	–	–	–	145.95	–
	e. Others	3,655.87	3,423.22	2,971.74	3,934.01	3,507.02
	Total	28,489.17	29,837.13	25,000.87	23,467.93	20,682.55

Sr No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
VI	**Segment Liabilities**					
	a. Inorganic Intermediates	790.02	988.08	787.26	908.06	1,003.81
	b. Organic Intermediates	2,537.18	2,729.51	2,149.09	2,359.27	1,097.13
	c. Fine & Speciality Chemicals	481.26	890.56	862.02	1,125.31	802.32
	d. Investing / Financing	–	–	–	12.41	–
	e. Others	2,156.73	2,215.50	1,865.74	991.55	1,345.62
	Total	5,965.19	6,823.65	5,664.11	5,396.60	4,248.88
VII	**Capital Expenditure**					
	a. Inorganic Intermediates	92.16	612.79	186.64	120.40	136.45
	b. Organic Intermediates	108.28	1,316.47	807.06	548.25	236.76
	c. Fine & Speciality Chemicals	148.14	584.20	249.73	469.49	685.21
	d. Investing / Financing	–	–	–	–	–
	e. Others	18.90	32.70	116.31	47.94	23.94
	Total	367.48	2,546.16	1,359.74	1,186.08	1,082.36
VIII	**Depreciation**					
	a. Inorganic Intermediates	131.55	161.39	174.55	170.62	164.06
	b. Organic Intermediates	324.54	628.23	567.07	436.72	442.64
	c. Fine & Speciality Chemicals	57.93	131.71	147.56	122.38	83.59
	d. Investing / Financing	–	–	–	–	–
	e. Others	38.99	73.92	48.89	44.10	43.02
	Total	553.01	995.25	938.07	773.82	733.31

Secondary Segments Reporting – Geographical Segments

(i) The following table shows the distribution of the Company's Revenue by Geographical market.

(Rs. In lacs)

Revenue	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
India	8,700.64	18,826.19	16,886.66	17,558.05	15,525.67
Outside India	8,108.42	13,857.23	11,282.34	8,060.13	5,929.61
Total	16,809.06	32,683.42	28,169.00	25,618.18	21,455.28

(ii) The Company's tangible fixed assets are entirely located in India.

Annexure VII

Related Party Transactions

Related Party disclosures have been set out herein below. The Related parties have been identified by the Company in terms of "Accounting Standard - 18 Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

List of Related Parties

Sr No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
A	**Associated Companies**					
	1 Aryan Pesticides Ltd	No	No	No	Yes	Yes
	2 Blue Shell Invest.P. Ltd.	Yes	Yes	Yes	Yes	Yes
	3 Check Point Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	4 Deepak Agro Solutions Ltd	Yes	Yes	Yes	No	No
	5 Deepak International Ltd	Yes	Yes	Yes	No	No
	6 Deepak Medical Foundation	No	No	No	No	Yes
	7 DFPCL	Yes	Yes	Yes	Yes	Yes
	8 Forex Leafin P. Ltd.	Yes	Yes	Yes	Yes	No
	9 Hardik Leafin P. Ltd.	Yes	Yes	Yes	Yes	No
	10 Nova Synthetic Ltd	No	No	No	Yes	Yes
	11 Pranwa Leafin P. Ltd.	Yes	Yes	Yes	Yes	No
	12 Profilic Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	13 Robust Credit and and Capital P. Ltd.	Yes	Yes	Yes	No	No
	14 Sapana Investment P. Ltd.	Yes	Yes	Yes	Yes	Yes
	15 Setup Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	16 Signassure Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	17 Skyrose Finvest P. Ltd.	Yes	Yes	Yes	Yes	No
	18 Sodium Metal P. Ltd.	No	No	No	No	Yes
	19 Sofotel Software Services P. Ltd.	Yes	Yes	Yes	Yes	Yes
	20 Stiffen Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	21 Stigma Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	22 Storewell Credit and and Capital P. Ltd.	Yes	Yes	Yes	No	No
	23 Sundown Finvest P. Ltd.	Yes	Yes	Yes	Yes	No
	24 Superpose Credits and Capital P. Ltd.	Yes	Yes	Yes	Yes	Yes
	25 The Lakaki Works P. Ltd.	Yes	Yes	Yes	Yes	Yes
	26 Yerrowda Investment Ltd	Yes	Yes	Yes	Yes	Yes
B	**Key Management Pesonnel**					
	1 Shri C.K.Mehta, Chairman	Yes	Yes	Yes	Yes	Yes
	2 Shri D.C.Mehta, Managing Director	Yes	Yes	Yes	Yes	Yes
	3 Shri A.C.Mehta, Managing Director	Yes	Yes	Yes	Yes	Yes

Note: Existence of relationship is indicated by "Yes" in the respective year.

Transactions with Related Party

(Rs. In lacs)

Sr. No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
1	**Purchase of goods**					
	Subsidiary				1,666.75	
	DFPCL	1,070.38	1,909.73	2,264.52	2,062.70	2,677.40
2	**Sale of goods**					
	Subsidiary				932.16	
	DFPCL				63.52	1,124.60
3	**Conversion Charges Paid**					
	Subsidiary				620.97	
	DFPCL					265.16
4	**Conversion Charges Received**					
	Subsidiary				118.05	
	DFPCL					90.16
5	**Purchases of Fixed Assets**					
	Subsidiary				1.74	
	DFPCL					9.35
	Others			5.55		
6	**Sale of Fixed Assets**					
	Subsidiary				24.74	
	DFPCL					23.08
	Others			0.19		
7	**Rendering of Services**					
	Subsidiary			0.03	21.71	0.01
	DFPCL			7.35	20.44	28.30
	Others	6.51	12.93	5.58		
	Key Management Personnel				25.85	
8	**Receiving of Services**					
	DFPCL	8.24	16.61	20.45	46.04	46.03
	Others	5.43	14.32	25.11		
	Key Management Personnel	52.57	109.99	49.89	84.77	52.75
9	**Finance**					
9.1	**ICD Taken**					
	DFPCL					250.00
	Others	150.00	855.00	1,100.00		

Sr. No	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02
9.2	**ICD Repaid**					
	DFPCL		1,500.00			
	Others		475.00	625.00		
9.3	**Equity Contribution**					
	Others			57.36		
9.4	**Security Deposit for leased premises**					
	Key Management Personnel			200.00		
9.5	**Interest Received**					
	DFPCL				4.00	5.40
	Others			4.00		
9.6	**Interest Paid**					
	DFPCL		93.56	170.41	187.50	183.65
	Others	22.87	65.47	46.85		
9.7	**Advance Paid**					
	DFPCL					67.91
9.8	**Advance Received**					
	DFPCL			81.14		
	Key Management Personnel					11.16
10	**Management Contracts (Including deputation of employees)**					
	DFPCL			16.34	9.33	1.52
11	**Net Accounts Receivable (Payable)**					
	Subsidiary			0.03	2,104.58	
	DFPCL	264.78	(5.29)	(1,491.88)	(1,869.08)	(149.04)
	Others	(769.29)	(682.84)	(218.49)		
	Key Management Personnel		(109.99)	175.82		

Annexure VIII

Statement of Investments as on 30.09.05

Particulars	No. of Shares/ Units / Bonds	Rs in lacs
Long Term Trade Investment (Unquoted)		
Shares of Deepak International Ltd. of Rs.10/-each	73706	57.36
Sub Total (a)		**57.36**
Long Term - Fully Paid (At Cost) {NON TRADE (UNQUOTED)}		
Shares of Nandesari Environment Control Ltd. of Rs.10/-each	400	0.04
Shares of Baroda Co -Operative Bank Ltd of Rs. 25/-each	20	0.01
Shares of Sagar Prabha Co-Operative Housing Soc Ltd. of Rs.10/-each	5	0.00
6.75%Tax free Bonds of Unit Trust OF India of Rs.100/-each	75706	75.71
Equity Shares of Shamrao Vitthal Co -operative Bank Ltd of Rs. 25/-each	2000	0.50
National Saving Certificates	0.01	
Equity Shares of New India Co –Operative Bank Ltd. of Rs. 10/-each	798	0.08
Equity Shares of Aryan International Ltd. of Rs. 10/-each	2000	0.20
Sub Total (b)		**76.54**
NON TRADE (Quoted)		
Equity shares of Bank of Baroda of Rs 10/-each	10000	8.50
Equity shares of IDBI of Rs10/- each fully paid up	6240	5.07
Equity shares of Dena Bank of Rs 10/-each fully paid up	29400	8.82
Sub Total (c)		**22.39**
Grand Total (a) + (b) + (c)		**156.29**

Annexure IX

Statement of Dividend Paid

Rs. In lacs (except per share data)

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
Number of Equity Shares	5,982,062	5,982,062	5,982,062	5,750,000	5,750,000	5,750,000
Face Value per share	10	10	10	10	10	10
Paid Up Value per share	10	10	10	10	10	10
Rate of Dividend:Equity	0%	40%	30%	30%	30%	25%
Total Dividend - Equity	—	239.28	179.46	172.50	172.50	143.75
Tax on Dividend	—	34.02	22.99	22.10	—	14.66

Annexure X

Key Accounting Ratios

Rs. In lacs (except per share data)

	Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
1	Net Profit After Tax – Restated	576.98	1,043.17	925.79	1,149.39	786.09	935.59
2	Number of Equity Shares outstanding during the period (Nos in lacs)	59.82	59.82	57.50	57.50	57.50	57.50
3	Weighted Average number of Shares outstanding during the period (Nos in lacs)	59.82	59.82	59.82	57.50	57.50	57.50
4	Networth - Restated	7,901.27	7,843.26	7,249.93	6,623.85	5,818.11	7,019.74
	Accounting Ratios						
	Earning per share -						
	Basic (1) / (2) #	9.65	17.44	16.10	19.99	13.67	16.27
	Diluted (1) / (3) #	9.65	17.44	15.48	19.99	13.67	16.27
	Net Asset value per share (4) / (3)	132.08	131.11	121.19	115.20	101.18	122.08
	Return on Net Worth(1) / (4)% #	7.30	13.30	12.77	17.35	13.51	13.33

Ratios for the Half Year ended 30.09.05 are not annualised.

Annexure XI

Capitalisation Statement

Rs. In lacs

Particulars	Year Ended 31.03.05	Half Year Ended 30.09.05	Adjusted for Rights Issue
Loan Funds			
Long Term Borrowing	**6,212.30**	5,870.26	5,870.26
Short Term Borrowing	6,834.01	6,027.56	6,027.56
Total Debts	13,046.31	11,897.82	11,897.82
Shareholders Funds			
Share Capital	598.21	598.21	897.31
Reserve &Surplus - Restated	7,450.20	8,023.15	12,210.59
Less :Revaluation Reserve	193.13	189.10	189.10
Miscellaneous Expenditure to the extent not written off/adjusted	12.02	530.98	530.98
Total Share holders Funds	7,843.26	7,901.28	12,387.82
Long Term Debts/Equity	0.79	0.74	0.47
Total Debts/Equity	1.66	1.51	0.96

Notes :

1) The above Capitalisation Statement is prepared on the assumption that Proposed Rights Issue consisting of 29,91,031 Equity Shares of face value of Rs 10 each at a premium of Rs 140 each will be subscribed fully.

2) Above Capitalisation Statement is without considering the issue of 14,95,516 Detachable Warrants to be converted into equity shares at a subsequent period.

Statement of Reserves & Surplus – Restated

Particulars	Half year ended	Year Ended Rs in Lacs				
	30.09.05	31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
Share Premium	1,196.60	1,196.60	1,196.60	1,028.01	1,028.01	1,028.01
Revaluation Reserve	189.10	193.13	203.24	213.85	229.92	252.76
Capital Redemption Reserve	15.00	15.00	15.00	15.00	15.00	15.00
Capital Reserve	51.27	51.27	51.27	51.27	51.27	51.27
Capital Reserve-SICOM Subsidy	20.00	20.00	20.00	–	–	–
Debenture Redemption Reserve	–	–	–	272.60	472.60	1,652.43
General Reserve No1	2,294.21	2,294.20	1,897.09	1,877.98	1,377.98	1,613.35
General Reserve No2	–	–	138.85	138.85	138.85	138.85
Surplus in Profit & Loss Account - Restated	4,256.97	3,680.00	3,410.13	2,814.19	2,159.40	1,945.83
Less : Revaluation Reserve	(189.10)	(193.13)	(203.24)	(213.85)	(229.92)	(252.76)
Total	**7,834.05**	**7,257.07**	**6,728.94**	**6,197.90**	**5,243.11**	**6,444.74**

Annexure XII

Statement of Other Income

Particulars	Half year ended 30.09.05	Year Ended (Rs. in lacs)				
		31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
Other Income Details						
a) Recurring from Business Activites						
Conversion Charges	78.13	216.55	326.69	261.69	298.06	159.64
Insurance Claim (Loss of Profit)	118.31	62.04	–	–	–	–
Foreign Currency Exchange Fluctuation (Net)	(45.19)	152.14	95.94	–	–	–
Sundry Receipts	80.14	126.00	67.16	–	–	–
sub total (a)	**231.39**	**556.73**	**489.79**	**261.69**	**298.06**	**159.64**
b) Non recurring business activites						
Miscellaneous Sales	55.06	165.55	132.10	69.71	74.90	80.77
Rent	–	0.02	1.77	1.77	1.77	15.45
Insurance Claim	–	30.66	1.57	1.19	16.44	0.65
Sundry Receipts	–	–	–	34.48	49.98	35.55
Provision Written Back	–	–	–	–	–	31.00
sub total (b)	**55.06**	**196.23**	**135.44**	**107.15**	**143.09**	**163.42**
c) Income from Financial Activites						
Interest -On Investment	–	5.11	4.26	–	–	–
Interest -On Deposit	8.87	13.86	18.12	15.15	12.15	10.06
Interest –Other	1.65	2.47	1.01	1.02	29.97	5.12
sub total (c)	**10.52**	**21.44**	**23.39**	**16.17**	**42.12**	**15.18**
d) Income from Investing Activites						
Dividends -On Trade Investment	0.32	–	96.80	88.00	110.00	10.75
Dividends -On Non Trade Investment	–	0.72	0.79	0.58	7.93	88.00
Profit on Sales of Fixed Assets	–	–	69.71	15.80	–	746.46
Profit on Sales of Investment (Net)	–	–	343.35	–	–	–
Provision for diminution in value of Investment Written Back		–	30.29	–	–	–
sub total (d)	**0.32**	**0.72**	**540.94**	**104.38**	**117.93**	**845.21**
Total	**297.29**	**775.12**	**1,189.56**	**489.39**	**601.20**	**1,183.45**

Annexure XIII

Tax Shelter Statement

Particulars	Half year ended 30.09.05	Year Ended (Rs. in lacs)				
		31.03.05	31.03.04	31.03.03	31.03.02	31.03.01
A) Tax at Notional Rates						
1) Profit Before Tax Restated - Chargeable at Normal Rate	**857.78**	**1,551.46**	**1,137.87**	**1,439.23**	**932.28**	**1,017.49**
2) Tax Rate including Surcharge & Education cess	33.66	36.59	36.75	36.75	35.70	39.55
3) Tax at Notional rates	288.73	567.72	418.17	528.92	332.82	402.42
B) Adjustments						
1) Permanent Differences :						
Profit / loss on sale of Investments	–	–	(373.64)	–	–	19.82
Exempt Income on Investments	(3.04)	(5.83)	(474.69)	–	(117.92)	(78.92)
Expenditure on Scientific Research	(57.19)	(108.37)	(194.47)	(119.27)	(71.00)	(142.10)
Chapter VI A Deductions	–	–	–	(186.18)	(80.40)	–
Others	(3.63)	65.22	29.31	43.62	34.63	14.13
Total Permanent Differences	**(63.86)**	**(48.98)**	**(639.85)**	**(261.83)**	**(234.69)**	**(206.89)**
2) Timing Differences :						
Difference in WDV of Assets	29.35	(398.99)	(361.65)	(180.52)	(94.89)	(744.38)
Expenses u/s 43B allowable / Dis-allowable	40.03	(223.88)	417.51	33.37	33.92	5.79
Provision for Doubtful debts	14.30	51.39	40.41	(74.35)	0.46	27.25
Payments under VRS	(10.40)	31.46	32.81	29.81	–	–
Unabsorbed Business Loss / Depreciation available u/s 72A	(327.92)	(1,036.41)	(605.36)	–	–	–
Others	(1.31)	73.95	(21.74)	(26.67)	(9.41)	(50.23)
Total Timing Differences	**(255.96)**	**(1,502.48)**	**(498.02)**	**(218.36)**	**(69.92)**	**(761.57)**
Net Adjustments (1+2)	**(319.82)**	**(1,551.46)**	**(1,137.87)**	**(480.19)**	**(304.61)**	**(968.46)**
C) Tax Savings on Net Adjustments	**(107.65)**	**(567.72)**	**(418.17)**	**(176.47)**	**(108.75)**	**(383.03)**
D) Total Current Tax Provided	**181.08**	**–**	**–**	**352.45**	**224.08**	**19.39**

Annexure XIV

Statement of Unsecured Loans

Rs. In lacs

Sr No	Name of the Lender	Facility	Sanction Amount	Principal Outstanding as on 31.03.05	Principal Outstanding as on 30.09.05	Rate of Interest	Repayment Schedule
1	Short Term Loan	Short Term Deposit	N A	1,855.00	1,005.00	8%	On Demand
2	Working Capital Borrowing	PCFC	2.25 mn USD (Rs 10 Cr)	927.71	–	L+115	On due date
3	Supplier Line of Credit from Bank	Supplier Bills Credit	2000.00	1,351.06	418.92	8%	On Due date
4	Public Deposits	Fixed Deposit	N A	2,372.28	2,283.47	7.50%	1 yrs to 3 yrs
5	Sales Tax Deferral	Deferral Sch.	N A	441.78	434.18	N A	N A
	Total			**6,947.83**	**4,141.57**		

Annexure XV

Statement of Secured Loans

Rs. In lacs

Sr No	Name of the Lender	Facility	Sanctioned Amount	Principal Outstanding as on 31.03.05	Principal Outstanding as on 30.09.05	Rate of Interest	Repayment Schedule	Security
A	**Term loans from Banks and Financial Institution**							
1	Export and Import Bank of India	Term Loan	250.00	38.36	–	8%	10 equal half yearly From Dec. 2000	Note 1
2	State Bank of India	Term Loan	600.00	149.03	76.81	L+3.3%	8 equal half yearly From Oct. 2001	Note 1
3	Export and Import Bank of India	Term Loan	1,000.00	247.05	118.65	L+2.75%	8 equal half yearly From April 2003	Note 1
4	Bank of Baroda	Term Loan	544.00	430.13	320.98	L+2.75%	9 equal half yearly From Nov. 2002	Note 1
5	Export and Import Bank of India	Term Loan	1,000.00	973.09	856.42	L+3.00%	9 equal half yearly From Feb. 2003	Note 2
6	Export and Import Bank of India	Term Loan	1,500.00	1,500.00	1,500.00	8.25%	16 equal half yearly From Dec. 2003	Note 2
7	Export and Import Bank of India	Term Loan	400.00	286.90	255.30	L+3.75%	10 equal half yearly From Nov. 2004	Note 3
8	IDBI LTD	Term Loan	200.00	177.21	126.59	11%	10 equal half yearly From Dec. 2000	Note 3
9	ING Vaishya Bank	Term Loan	1,500.00	–	300.00	8.25%	16 equal half yearly From	Note 2
	Sub Total		5,494.00	3,801.78	3,554.75			
10	HDFC Bank Ltd	Vehicle loans		41.24	32.04	8 to 10%	60 Equal Monthly Installments	Note 4
	Total - A			3,843.02	3,586.79			
B	**Working Capital Limits**							
1	**State Bank of India**	**Cash Credit**	**2,380.00**	**990.00**	**2,381.32**	**12.25%**		**Note 5**
2	Dena Bank	Cash Credit	1,050.00	791.00	677.00	12.25%		Note 5
3	Bank of Baroda	Cash Credit	1,200.00	487.71	1,275.00	12.50%		Note 5
4	ICICI	Cash Credit	270.00	36.00	42.53	13.00%		Note 5
5	ING Vysya Bank	Cash Credit	600.00	123.00	48.40	11.25%		Note 5
6	UTI Bank Ltd	Cash Credit	500.00	-	-	11.00%		Note 5
	Total - B			2,427.71	4,424.25			
	Grand Total (A + B)			**6,270.73**	**8,011.04**			

NOTES:

1) Secured pari pasu charge by way of mortgage of immovable properties of the Company and hypothecation of movable assets

2) Secured by first pari pasu mortgage of the immovable properties of the Company and hypothecation of all movable assets. (Company is in the process of creating security)

3) The loans are taken over on amalgamation from erstwhile Aryan Persticides Ltd., and the charge is being created.

4) Secured by way of hypothecation of specific movable assets.

5) Secured by a prior charge over the Company's stock of Raw Material,semi Finished & Finished goods, Consumable stores and book debts and by second charge on all Fixed Assets by way of mortgage.

Annexure XVI

Statement of Debtors

Rs. In lacs

	As at					
Particulars	**30.09.05**	**31.03.05**	**31.03.04**	**31.03.03**	**31.03.02**	**31.03.01**
Debts outstanding over six months						
- Considered Good	202.71	135.52	172.41	807.72	696.23	288.20
- Considered Doubtful	198.98	191.82	140.43	100.02	182.86	182.39
Other Debts						
- Considered Good	6,265.48	7,180.73	4,290.20	5,390.75	4,062.81	3,946.91
- Considered Doubtful	–	–	–	–	–	–
Total Debts	6,667.17	7,508.07	4,603.04	6,298.49	4,941.90	4,417.50
Less						
Provision for Doubtful Debts	198.98	191.82	140.43	100.02	182.86	182.39
Total	**6,468.19**	**7,316.25**	**4,462.61**	**6,198.47**	**4,759.04**	**4,235.11**

Annexure XVII

Details of Deferred Tax - Restated

Rs. In lacs

	As at				
Particulars	**30.09.05**	**31.03.05**	**31.03.04**	**31.03.03**	**31.03.02**
Deferred Tax Liability					
Depreciation	2,373.68	2,379.69	2,518.19	2,029.28	2,012.36
Total (A)	**2,373.68**	**2,379.69**	**2,518.19**	**2,029.28**	**2,012.36**
Deferred Tax Asset					
Disallowances u/s 43B	157.69	144.26	89.50	67.96	48.05
Unabsorbed Business Losses / Depreciation	82.99	193.01	686.42		
Others	128.21	123.67	83.88	54.61	61.89
Total (B)	**368.89**	**460.94**	**859.80**	**122.57**	**109.94**
Net Deferred Tax Liability / (Asset)	**2,004.79**	**1,918.75**	**1,658.39**	**1,906.71**	**1,902.42**

Annexure XVIII

Statement of Loans and Advances - Restated

Rs. In lacs

	Year Ended					
Particulars	**Half year ended 30.09.05**	**31.03.05**	**31.03.04**	**31.03.03**	**31.03.02**	**31.03.01**
(Unsecured Considered good)						
Advances recoverable in cash or in kind or for value to be received	1,313.99	1,403.92	1,079.63	567.12	552.03	704.56
Advances against Capital Expenditure	–	–	5.00	8.12	25.74	2.94
Advance Income Tax	1,587.99	1,438.06	1,356.73	1,232.60	941.36	918.35
Deposits	657.21	637.76	669.48	516.15	524.17	642.17
Advance to Subsidiary	–	–	–	0.01	0.01	0.84
Total	**3,559.19**	**3,479.74**	**3,110.84**	**2,324.00**	**2,043.31**	**2,268.86**

FINANCIAL INFORMATION OF GROUP COMPANIES

FINANCIAL INFORMATION OF LISTED GROUP COMPANIES:

None of the Companies mentioned here under are declared sick within the meaning of Sick Industrial Companies (Special Provisions Act) 1995, nor is under winding up nor have they defaulted in meeting any Statutory/Bank/ Institutional dues.

(i) Deepak Fertilisers and Petrochemicals Corporation Ltd

The Company was incorporated on 31st May 1979. The main object of the Company is to carry on the business of manufacturing, buying, selling, marketing, supplying, importing, exporting or otherwise dealing in all kinds of fertilizers, chemicals, agro-chemicals etc.

Board of Directors as on 31st March 2005.

Name	Designation
Mr C K Mehta	Chairman
Mr S C Mehta	Managing Director
Mr D C Mehta	Vice- Chairman
Mr A C Mehta	Non Executive Director
Mr S S Marathe	Independent & Non Executive Director
Mr R A Shah	Independent & Non Executive Director
Mr D Basu	Independent & Non Executive Director
Mr N C Singhal	Independent & Non Executive Director
Mr U P Jhaveri	Independent & Non Executive Director
Mr Aloke Sengupta	Nominee Director- IDBI

Mr D C Mehta has ceased to be a Director on the Board of Deepak Fertilizers and Petrochemicals Corporation Ltd w.e.f. 20th October 2005.

Shareholding Pattern as on 30th November 2005

Name	Number of Shares	% to Total Capital
Promoters	3,61,59,337	40.99
Domestic Companies	65,31,692	7.41
Foreign Holdings	53,61,134	6.08
Financial Institutions	23,07,033	2.62
Nationalised /Scheduled Banks	92,461	0.10
Mutual Funds	83,17,807	9.43
Others (Resident Individual/Trust)	2,94,35,479	33.37
Total	**8,82,04,943**	**100.00**

Financial Performance

(Rs in Lacs except per share data)

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	50,094.73	49,630.29	54,597.34
Profit After Tax	7,975.00	6,972.34	6,411.14
Equity Share Capital	8,820.49	8,820.49	7470.49
Reserves (excluding revaluation reserves)	42,815.27	36,027.90	28955.01
Networth	51,635.76	44,848.39	36425.50
Earnings Per Share (EPS) (Rs)	9.04	9.06	8.58
Net Asset Value (NAV) per share (Rs)	59.44	53.60	51.36

STOCK MARKET DATA

Last six months share price information is as under:

Month	High (Rs)	Low (Rs)	No of Shares Traded	Net Turnover (Rs in Lacs)
August 2005	93.90	73.10	8559692	6983.35
September 2005	106.00	81.25	7313649	7001.56
October 2005	94.40	73.00	1517410	1298.42
November 2005	92.25	75.00	2110553	1848.42
December 2005	100.80	85.00	3660913	3398.42
January 2006	116.70	91.60	8205331	8880.91

Source: www.bseindia.com

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No
Whether the Company has any default in meeting any statutory/bank/institutional dues and whether any economic offences have been initiated against the Company	No

1. FINANCIAL INFORMATION OF UNLISTED GROUP COMPANIES:

1. Deepak Agro Solutions Ltd

The Company was originally incorporated as Deepak Agro Solutions Pvt. Ltd. on 6th May, 1996 as a Private Limited Company. The company was subsequently converted into a Public Limited Company in the name of Deepak Agro Solutions Ltd. on 6th May, 2005. The paid-up Share Capital of the Company is Rs. 4,00,00,000 (including Preference Share Capital). The Company is involved in the business of developing, manufacturing, buying, selling, marketing, acquiring, processing, transporting, distributing, supplying, exporting, importing or otherwise dealing in all kinds of agricultural inputs and agricultural services.

Board of Directors as on 12th December 2005.

i. Mr V M Deshpande

ii. Mr N D Joshi

iii. Mr A C Mehta

iv. Mr S Chandrasekaran

Shareholding Pattern as on 31st March 2005

Name	Number of Shares	% to Total Capital
Promoter Group (including friends and relatives)		
Individuals	99,89,000	99.89
Bodies Corporate	11,000	0.11
Total	**1,00,00,000**	**100.00**

Financial Performance

(Rs in Lacs except per share data)

Particulars	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	1,493.60	947.95	54.38
Profit After Tax	(168.41)	(45.07)	0.36
Shareholders Fund	400.00	400.00	0.17
Reserves (excluding revaluation reserves)	–	–	14.26
Networth	200.78	369.19	14.43
Earnings Per Share (EPS) (Rs)	–	–	21.17
Net Asset Value (NAV) per share (Rs)	11,810.59	21,717.06	848.82

2. BLUE SHELL INVESTMENTS PRIVATE LIMITED

The Company was incorporated on 13th April 1983. The Paid up share capital of the Company is Rs 1,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company. The Company is also involved in the activity of leasing & subleasing of premises.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 100 each)	% of Holding
1	Sapna Investments Pvt. Ltd.	350	35%
2	Sheffly Investments Pvt. Ltd.	300	30%
3	Shalimar Distributors & Investments Pvt. Ltd	300	30%
4	Kanta C. Mehta	50	5%
	TOTAL	**1,000**	**100%**

Board of Directors

1) Ajay C. Mehta
2) Ila D. Mehta
3) Kanta C. Mehta
4) Chimanlal K. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31stMarch 2005	31stMarch 2004	31stMarch 2003
Total Income	118.8	982.14	188.25
Profit After Tax	76.99	603.99	35.22
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserves)	1562.39	1485.4	536.03
Net Worth	1563.39	1486.40	537.03
Earning Per Share (EPS) (Rs)	7699	60399	3522
Net Asset Value (NAV) per Share	156339	168639.82	17215.13

3. SOFOTEL SOFTWARE SERVICES PRIVATE LIMITED

The Company was incorporated on 28th October 1994. The Paid up share capital of the Company is Rs 10,00,00,0. The company is engaged in leasing & management of software technology park, development of land and properties and construction activities and providing any services in connection therewith and any other related activities. The Company also carries on investment and finance related activities.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Ajay C. Mehta	5,000	50.00%
2	Kantaben C. Metha	1,400	14.00%
3	Chimanlal K. Mehta	800	8.00%
4	Deepak C. Metha	700	7.00%
5	Parul S. Mehta	700	7.00%
6	Ila D. Mehta	700	7.00%
7	Kavita A. Mehta	700	7.00%
	TOTAL	**10,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta

2) Kantaben C. Mehta

3) Chimanlal K. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	1211.45	1032.4	4325.02
Profit After Tax	154.29	50.48	303.49
Share Capital	1.00	1.00	1.00
Reserves (Excluding Revaluation Reserves)	664.36	510.07	459.59
Net Worth	659.53	503.30	450.87
Earning Per Share (EPS) (Rs)	1542.90	504.80	3034.90
Net Asset Value (NAV) per Share	6595.30	5033.00	4508.70

4. THE LAKAKI WORKS PRIVATE LIMITED

The Company was incorporated on 29th November 1950. The Paid up share capital of the Company is Rs 19,25,000 . The Company is involved in the activity of Paint Manufacturing and Investment activities.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Prolific Credits & Capital Private Limited	80,000	41.56%
2	Blueshell Investment Private Limited	44,832	23.29%
3	C. K .Mehta HUF	20,000	10.39%
4	Shailesh C. Mehta	15,944	8.28%
5	Deepak C. Mehta	15,777	8.20%
6	Ajay C. Mehta	15,935	8.28%
7	P. A. Talwalkar	12	0.01%
	TOTAL	**192,500**	**100.00%**

Board of Directors

1) Chimanlal K .Mehta
2) Deepak C. Mehta
3) Ajay C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	3.88	56.09	27.85
Profit After Tax	(7.07)	42.97	12.12
Share Capital	19.25	19.25	19.25
Reserves (Excluding Revaluation Reserves)	21.13	28.2	(14.78)
Net Worth	40.38	47.45	4.47
Earning Per Share (EPS) (Rs)	(3.67)	22.32	6.30
Net Asset Value (NAV) per Share	20.98	24.65	2.32

5. STOREWELL CREDITS AND CAPITAL PRIVATE LIMITED

The Company was incorporated on 2nd November 1994. The Paid up share capital of the Company is Rs 1,00,00,000. The nature of activity of the company is to carry on the business of an investment company and to buy, invest, and deal in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Chimanlal K. Mehta	499,990	49.999%
2	Kantaben C. Mehta	499,990	49.999%
3	Ajay C. Mehta	10	0.001%
4	Shailesh C. Mehta	10	0.001%
	TOTAL	**1,000,000**	**100.00%**

Board of Directors

1) Chimanlal K. Mehta
2) Kantaben C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	412.57	554.04	0
Profit After Tax	149.26	259.88	(0.06)
Share Capital	100.00	1.00	0.00
Reserves (excluding Revaluation Reserves)	468.83	259.56	(0.32)
Net Worth	568.83	260.56	(0.32)
Earning Per Share (EPS) (Rs)	14.93	2598.80	(300.00)
Net Asset Value (NAV) per Share	56.88	2605.60	(1590.00)

6. ROBUST MARKETING SERVICES PRIVATE LIMITED

The Company was incorporated on 4th November 1994. The Paid up share capital of the Company is Rs 1,00,000. The Company is involved in the marketing of specialty of agro products and fertilizers

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Vision Management Services Private Limited	4,990	49.90%
2	Pristline property Management Private Limited	4,990	49.90%
3	Nilesh A. Sheth	10	0.10%
4	Rohit P. Shah	10	0.10%
	TOTAL	**10,000**	**100.00%**

Board of Directors

1) Nilesh A. Sheth

2) Rohit P. Shah

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	68.76	98.77	0
Profit After Tax	38.39	49.08	(0.06)
Share Capital	1.00	1.00	1.00
Reserves (excluding Revaluation Reserves)	87.16	48.77	(0.31)
Net Worth	88.16	49.77	0.69
Earning Per Share (EPS) (Rs)	383.90	490.8	(0.60)
Net Asset Value (NAV) per Share	881.60	497.70	6.90

7. PROLIFIC CREDITS & CAPITAL PRIVATE LIMITED

The Company was incorporated on 4th November 1994. The Paid up share capital of the Company is Rs 1,00,000. The company is involved in the business of investment and finance activity. It invests & deals in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company. The Company is also involved in the activity of subleasing of premises.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Ajay C. Mehta	9,990	99.90%
2	Shailesh C. Mehta	10	0.10%
	TOTAL	**10,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta

2) Shailesh C .Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	27.27	485.45	474.35
Profit After Tax	14.72	147.41	112.81
Share Capital	1.00	1.00	1.00
Reserves (excluding Revaluation Reserves)	586.55	571.82	424.41
Net Worth	587.55	572.82	425.41
Earning Per Share (EPS) (Rs)	147.20	1474.10	1128.05
Net Asset Value (NAV) per Share	5875.50	5728.20	4254.10

8. SUPERPOSE CREDITS & CAPITAL PRIVATE LIMITED

The Company was incorporated on 5th December 1994. The Paid up share capital of the Company is Rs 1,00,000. The company is involved in the business of investment and finance activity. It invests & deals in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company. The Company is also involved in the activity of subleasing of premises.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Ajay C. Mehta	5,000	50.00%
2	Shailesh C. Mehta	5,000	50.00%
3	**TOTAL**	**10,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta

2) Shailesh C .Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	0.53	112.76	223.25
Profit After Tax	0.14	63.36	20.95
Share Capital	1.00	1.00	1.00
Reserves (excluding Revaluation reserves)	216.49	215.93	150.94
Net Worth	217.49	216.93	151.94
Earning Per Share (EPS) (Rs)	1.40	633.60	209.50
Net Asset Value (NAV) per Share	2175	2169.30	1519.40

9. SIGNASSURE SERVICES INDIA LIMITED

The Company was incorporated on 29th April 1997. The Paid up share capital of the Company is Rs 5,00,000. The Company is involved in the activity of security system & software development.

Promoters:-

1) Ajay C. Mehta
2) Deepak A. Desai
3) Gopal G. Gogate
4) Rohit P. Shah
5) Balubhai J. Shah
6) Harishkumar N. Shah
7) N. Chandrashekaran

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Ajay C. Mehta	49,940	99.88%
2	Deepak A. Desai	10	0.02%
3	Gopal G. Gogate	10	0.02%
4	Rohit P. Shah	10	0.02%
5	Balubhai J. Shah	10	0.02%
6	Harishkumar N. Shah	10	0.02%
7	S. Chandrasekaran	10	0.02%
	TOTAL	**50,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta
2) Deepak A. Desai
3) Rohit P. Shah

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	0	0	0
Profit After Tax	(0.55)	(0.92)	(1.58)
Share Capital	5.00	5.00	0.007
Reserves (excluding Revaluation Reserves)	(23.53)	(22.98)	(22.06)
Net Worth	(18.56)	(18.01)	(22.05)
Earning Per Share (EPS) (Rs)	(1.10)	(1.84)	(2264.29)
Net Asset Value (NAV) per Share	(37.12)	(36.02)	(31504.29)

10. SAPNA INVESTMENTS PRIVATE LIMITED

The Company was incorporated on 27th March 1980. The Paid up share capital of the Company is Rs 1,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 100 each)	% of Holding
1	Ajay C. Mehta	551	55.10%
2	Kavita A. Mehta	449	44.90%
	TOTAL	**1,000**	**100.00%**

Board of Directors

1) Nilesh A. Sheth
2) Seetharaman Chandrasekaran

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	0.0022	9.92	2.1
Profit After Tax	(0.10)	8.71	1.22
Share Capital	1.00	1.00	0.002
Reserves (excluding Revaluation Reserves)	37.92	38.02	29.12
Net Worth	38.92	39.02	29.12
Earning Per Share (EPS) (Rs)	(10.38)	871.00	61000
Net Asset Value (NAV) per Share	3892	3902.00	1456100.00

11. YERROWDA INVESTMENTS LIMITED

The Company was incorporated on 19th December 1997. The Paid up share capital of the Company is Rs 24,00,000. The Company is involved in construction and management of property and also investment related activities.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Sofotel Software Services Pvt. Ltd	102,408	42.67%
2	Deepak Fertilisers & Petro.Corpn. Ltd.	49,652	20.69%
3	C. K. Mehta & K.C. Mehta	28312	11.80%
4	Blueshell Investments Pvt. Ltd.	9736	4.06%
5	C. K. Mehta HUF	9024	3.76%
6	S.C. Mehta & P.S. Mehta	9032	3.76%
7	D.C. Mehta & I. D. Mehta	6368	2.65%
8	A.C. Mehta & K.A. Mehta	6400	2.67%
9	K.C. Mehta & C. K. Mehta	4320	1.80%
10	A.C. Mehta (Param) & K.A. Mehta	3232	1.35%
11	Maulik D. Mehta & D.C. Mehta	2720	1.13%
12	D.C. Mehta (Meghav) & I.D. Mehta	2560	1.07%
13	Deepak Nitrite Limited	2876	1.20%
14	Vision Management Services Pvt. Ltd.	960	0.40%
15	I.D. Mehta & D.C. Mehta	720	0.30%
16	K.A. Mehta & A.C. Mehta	720	0.30%
17	P.S. Mehta & S.C. Mehta	720	0.30%
18	Superrose Credits & Capital Pvt. Ltd.	240	0.10%
	TOTAL	**240,000**	**100.00%**

Board of Directors

1) Deepak A. Desai
2) Digant K. Mehta
3) Nilesh A. Sheth

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	107.2	172.27	139.36
Profit After Tax	(57.94)	(56.18)	(14.40)
Share Capital	24.00	24.00	24.00
Reserves (excluding Revaluation Reserves)	5242.94	5304.58	5082.88
Net Worth	5266.94	5328.58	5106.88
Earning Per Share (EPS) (Rs)	(24.14)	(23.41)	(6.00)
Net Asset Value (NAV) per Share	2195	2220.24	2127.87

12. SUNDOWN FINVEST PRIVATE LIMITED

The Company was incorporated on 29th September 1994. The Paid up share capital of the Company is Rs 15,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Deepak C. Mehta	75,000	50.00%
2	Ila Deepak Mehta	30,000	20.00%
3	Meghav D. Mehta	17,500	11.67%
4	Maulik D. Mehta	17,500	11.67%
5	Blueshell Investments Private Limited	6,647	4.43%
6	Ajay C. Mehta (Blueshell Invt. Pvt. Ltd. Nominee)	3,323	2.22%
7	Shailesh C. Mehta	15	0.01%
8	Parul Shailesh Mehta	15	0.01%
	TOTAL	**150,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta
2) Shailesh C .Mehta
3) Deepak C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	181.28	123.93	16.00
Profit After Tax	162.94	111.8	9.86
Share Capital	15.00	1.00	1.00
Reserves (Excluding Revaluation Reserves)	283.73	120.79	8.99
Net Worth	298.73	121.78	9.99
Earning Per Share (EPS) (Rs)	108.63	1118.00	98.60
Net Asset Value (NAV) per Share	199.15	1217.83	99.90

13. FOREX LEAFIN PRIVATE LIMITED

The Company was incorporated on 7th October 1994. The Paid up share capital of the Company is Rs 15,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Deepak C. Mehta	75,000	50.00%
2	Ila Deepak Mehta	30,000	20.00%
3	Meghav D. Mehta	17,500	11.67%
4	Maulik D. Mehta	17,500	11.67%
5	Blueshell Investments Private Limited	6,647	4.43%
6	Ajay C. Mehta (Blueshell Invt. Pvt. Ltd. Nominee)	3,323	2.22%
7	Shailesh C. Mehta	15	0.01%
8	Parul Sailesh Mehta	15	0.01%
	TOTAL	**150,000**	**100.00%**

Board of Directors

1) Deepak C. Mehta
2) Shailesh C .Mehta
3) Ajay C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	172.58	132.25	16.28
Profit After Tax	156.82	119.11	9.94
Share Capital	15.00	1.00	1.00
Reserves (Excluding Revaluation Reserves)	286.35	129.53	10.41
Net Worth	301.35	130.53	11.41
Earning Per Share (EPS) (Rs)	104.55	1191.10	99.40
Net Asset Value (NAV) per Share	200.90	1305.30	114.10

14. PRANAWA LEAFIN PRIVATE LIMITED

The Company was incorporated on 7th October 1994. The Paid up share capital of the Company is Rs 15,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Deepak C. Mehta	75,000	50.00%
2	Ila Deepak Mehta	30,000	20.00%
3	Meghav D. Mehta	17,500	11.67%
4	Maulik D. Mehta	17,500	11.67%
5	Blueshell Investments Private Limited	6,667	4.44%
6	Ajay C. Mehta (Blushell Invt. Pvt. Ltd. Nominee)	3,333	2.22%
	TOTAL	**150,000**	**100.00%**

Board of Directors

1) Deepak C. Mehta

2) Shailesh C .Mehta

3) Ajay C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	182.19	126.14	15.77
Profit After Tax	165.47	113.5	9.73
Share Capital	15.00	1.00	1.00
Reserves (excluding Revaluation Reserves)	289.14	123.67	10.16
Net Worth	304.14	124.67	11.16
Earning Per Share (EPS) (Rs)	110.31	1135.00	97.30
Net Asset Value (NAV) per Share	202.76	1246.70	111.60

15. HARDIK LEAFIN PRIVATE LIMITED

The Company was incorporated on 20th September 1994. The Paid up share capital of the Company is Rs 15,00,000. The company is involved in the business of investment and finance activity. It invests in shares, stocks, debenture stocks, bonds, warrants, and securities issued or guaranteed by any company.

Shareholding Pattern as on 10th December 2005

Sr. No.	Name of Shareholders	No. of Equity Shares (Rs 10 each)	% of Holding
1	Deepak C. Mehta	75,000	50.00%
2	Ila Deepak Mehta	30,000	20.00%
3	Meghav D. Mehta	17,500	11.67%
4	Maulik D. Mehta	17,500	11.67%
5	Blueshell Investments Private Limited	6,647	4.43%
6	Ajay C. Mehta (Blueshell Invt. Pvt. Ltd. Nominee)	3,323	2.22%
7	Shailesh C. Mehta	15	0.01%
8	Parul Shailesh Mehta	15	0.01%
	TOTAL	**150,000**	**100.00%**

Board of Directors

1) Ajay C. Mehta

2) Shailesh C .Mehta

3) Deepak C. Mehta

Financial Performance:-

(Rs in Lacs except per share data)

Particulars	31st March 2005	31st March 2004	31st March 2003
Total Income	171.61	95.99	13.89
Profit After Tax	156.03	86.87	8.54
Share Capital	15.00	1.00	1.00
Reserves (excluding Revaluation Reserves)	248.32	92.29	5.42
Net Worth	263.32	93.29	6.42
Earning Per Share (EPS) (Rs)	104.02	868.70	85.40
Net Asset Value (NAV) per Share	175.55	932.90	64.20

16. DEEPAK INTERNATIONAL LIMITED

The Company was incorporated on 24th July, 2003 as a Public Limited Company. The paid-up Share Capital of the Company is GBP 5,89,653/-. The Company's objects is to carry on business as a general commercial Company.

Shareholding Pattern as on 31st July 2004

Sr. No.	Name of Shareholders	No. of Equity Shares (GBP 1 each)	% of Holding
1	Waterlow Nominees Limited	1	
2	Prolific Credits and Capital Limited	4,27,498	72.5%
3	Deepak Nitrite Limited	73,706	12.5%
4	Deepak Fertilizers and Petrochemical Corporation Limited	88,448	15%
	TOTAL	**5,89,653**	**100.00%**

Board of Directors

1) Ajay C. Mehta

2) Ms. Dina Dattani

Financial Performance:-

(UK Pound)

Particulars	31st July 2004
Total Income	11,668
Profit After Tax	(6,743)
Share Capital	5,89,653
Reserves (excluding Revaluation Reserves)	17,036
Net Worth	60,689
Earning Per Share (EPS) (Pound)	Nil
Net Asset Value (NAV) per Share (Pound)	1.028

Other relevant details about the group companies:

1. **Disassociation by promoters:** The Promoters have not disassociated themselves from any of the companies / firms during preceding three years other than those mentioned below -

   Shri D. C. Mehta, the Promoter Director has resigned from the Board of Deepak Fertilisers and Petrochemicals Corpn. Ltd.during the current year.

   The Company divested its entire holding in M/s, Nova Synthetics Ltd. in the year 2003-2004.

2. There are no sales or purchase between companies in the Promoters' group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company except as stated herein below. The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Related Party Disclosures" as mentioned under Annexure VII of the Auditors' Report appearing in the Financial Statements of the Auditor's Report.

   Statement showing purchases from Deepak Fertilisers and Petrochemicals Corporation Ltd during 01.04.05 to 30.09.05

Particulars	Rs
Total Purchases of Deepak Nitrite Ltd during the period	96,27,27,336
Purchases from Deepak Fertilisers and Petrochemicals Corporation Ltd (Refer Related Party Statement to Notes to Accounts as on 30.09.2005)	10,70,38,000
Percentage of Purchases from DFPCL by DNL	11.12

3. CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

Changes in the Accounting Policies in the last three years have been shown in the restated Financial statements duly certified by the Statutory Auditors.

4. UNAUDITED WORKING RESULTS

i. Information relating to the Company sales, gross profit etc. as required by the Ministry of Finance Circular No. F2/5/SE/76 dated February 5, 1977 read with the amendments of even No. dated March 8, 1977 is as under:

Unaudited Working Results for the period beginning from April 1, 2005 (i.e. the last date of the balance sheet and profit and loss account sent to the shareholders) and ending on January 31, 2006 (i.e. upto the end of the last but one month preceding the date of letter of offer)

Particulars	**Rs in Lacs.**
Sales	28912.71
Other Income (including operational income)	4545.01
Profit before Depreciation and Tax	3358.81
Provision for Depreciation	911.33
Profit before Interest and Taxes	2447.48
Interest	810.95
Profit before Tax	1636.53.

ii. Save as stated in the Letter of Offer, there are no material changes and commitments, which are likely to affect the financial position of the Company since September 30, 2005 (i.e. last date up to which audited information is incorporated in the Letter of Offer)

iii. a) Week end prices of Equity shares of the Company for the last four weeks on the BSE are as below:

Week ended on	**Closing Rate BSE (Rs)**
24th February 2006	217.25
17th February 2006	286.35
10th February 2006	270.30
3rd February 2006	263.10
27th January 2006	281.45

b) As per the notice no. 20060213-23, issued by the BSE, the transactions in the equity shares of the Company would be done on an ex-rights basis with effect from February 21 2006 The closing price of the Equity Shares of the Company on the BSE on February 21, 2006 was Rs 226.85 per equity share (ex-rights price).

The closing price of the share was Rs. 286.40 on BSE on December 19, 2005, first trading day after the day on which the Board of Directors approved the Rights Issue.

c) Highest and Lowest price of the equity share of the Company on BSE during the period mentioned above.

BSE

	Market Price	**Date**
High	301.00	15th February, 2006
Low	201.00	21st February, 2006

5. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE:

Following selected financial data have been prepared in accordance with Indian Accounting Standards, in conjunction with the financial statements and related notes and "Management Discussions and Analysis". The audited financial statements have been prepared in Indian Rupees and have been prepared in accordance with Indian Accounting Standards for the financial years 2003, 2004 and 2005. For detailed financial statements, prepared in accordance with Indian Accounting Standards, as required by Guidelines, please refer, "Auditors Report" of this Letter of Offer.

Overview of the Business of the Company

Deepak Nitrite Limited (DNL) – the flagship company of the Deepak Group of Companies – has come a long way since it was set up in the 1970s to support India's drive towards self-sufficiency and import substitution. Today, revenues from its exports to over 20 countries, including the US, Japan, Korea and Europe, contribute almost 43% of its turnover of Rs. 321 crore. DNL has last year crossed turnover of Rs 138 crores in exports. For the year 2004-05, exports rose an impressive 23% over the previous year to close at Rs.138 crores, driven by the strong performance of exports of fine chemicals. However, the company has no plans to rest on its laurels and has already set sights on the next milestone of achieving global standards in Export and marking 50% of its turnover from exports.

DNL has three manufacturing facilities at different locations in the western part of India – one at Nandesari, Gujarat and two in Maharashtra at Taloja and Roha. The inorganic chemicals are produced only in Gujarat, while organic and fine & speciality chemicals are produced at the other facilities located across Gujarat & Maharashtra. One of the facilities is devoted to hydrogenation and reductive alkylation. In inorganic chemicals, the major products manufactured include nitrites, nitrates, blowing agents, hydroxylamine derivatives, while in organic chemicals the major products include nitrochlorobenzenes, nitrotoluenes, tolu-idines, DEMAP, resorcinol, xylidines and cumidines. While the company's main strengths are in nitration, chlorination and hydrogenation, DNL also has the technical capabilities to carry out many other reactions at its plants.

Significant developments subsequent to the last financial year

The Board of Directors at its meeting held on 16th December, 2005 has decided to sell off the factory plot of land of Sahyadri Dyestuff and Chemicals Division located at Pune, at a consideration of Rs. 30 crores. The Company has Brought forward Long term Capital Loss of Rs. 14.28 crores which can be set-off against the Long term capital gains arising out of the sale of factory land. No decision has yet been taken on plot other than factory plot of Sahyadri Division, this may impact the profitability and value of the assets as and when final decision is taken.

STATEMENT OF PROFITS AND LOSSES AS RESTATED

Particulars	Half year ended 30.09.05	31.03.05	31.03.04	31.03.03
INCOME				
Total Sales	**16,577.68**	**32,126.68**	**27,842.31**	**24,932.15**
Other Income				
Other operating income	231.39	556.73	326.69	261.69
Other Income	65.90	218.38	862.87	227.70
Increase / (Decrease) in Inventories	365.45	(328.34)	(269.37)	838.69
	17,240.42	**32,573.45**	**28,762.50**	**26,260.23**
Expenditure				
Raw Materials Consumed	10,838.67	19,992.49	16,726.38	15,242.68
Staff Costs	1,195.09	2,497.89	2,195.16	1,759.95
Other Manufacturing expenses	2,324.66	4,654.13	4,771.17	4,353.45
Administration Expenses	594.02	1,253.96	1,217.64	955.81
Selling and Distribution Expenses	291.19	554.73	450.18	406.02
Interest	584.23	1,128.61	1,293.52	1,292.84
Depreciation	555.22	999.68	1,163.82	773.83
Wealth Tax	1.80	4.55	2.70	2.66
Prior Year Adjustment	–	–	3.95	–
	16,384.88	31,086.04	27,824.52	24,787.24
Profit before Extra-Ordinary Items	855.54	1,487.41	937.98	1,472.99
Less : Exceptional Items	–	–	–	–
Profit before Tax – before Restatement	855.54	1,487.41	937.98	1,472.99
Adjustments :				
Effect of Change in Accounting Policy / Treatment	2.22	64.05	195.94	(29.81)
Other Adjustments	–	–	3.95	(3.95)
Total Adjustments	2.22	64.05	199.89	(33.76)
Profit before Tax – after Restatement	**857.76**	**1,551.46**	**1,137.87**	**1,439.23**
Provision for Tax*	(280.03)	(481.75)	(125.00)	(302.25)
Current tax / DTA / DTL on Adjustments	(0.75)	(26.54)	(87.08)	12.41
Net Profit After Tax – Restated	**576.98**	**1,043.17**	**925.79**	**1,149.39**

Financial Year 2004-05 and 2003-04

Revenue:

The gross sales increased by 19% during the year from Rs. 30534.87 lacs to Rs. 36329.34 lacs in Financial year 2004. Net sales increased by 15.38% i.e from Rs. 27842.31 lacs to Rs. 32126.68 lacs. The better performance was primarily due to higher export sales particularly in organic intermediates and fine and speciality segments. The Export turnover for the year reached a figure of Rs. 13857.00 lacs as compared to Rs. 11282.00 lacs in the year 2004 an increase of 23%.

The turnover of organic intermediate segment increased by 27% and Fine and Speciality Segment by 15% as compared to the previous year.

Expenditure:

The total expenditure increased by 3261.52 lacs as compared to the Financial year 2004. The raw material cost has gone up substantially during the year 2005 , the prices of major raw material vis caustic soda lye 65% Ammonia 30% Benzene 69% Toluene 39% Cumene 38%.

Net Profit:

Despite increase in input costs, with improved turnover due to high volumes and broadening of product mix the Net Profit of the company increased from Rs. 925.79 lacs to Rs. 1043.17 lacs. an increase of Rs. 117.38 lacs. The interest costs for the year 2005 is lower by Rs. 164.91 lacs.

Financial Year 2003-04 V/s 2002-03

Revenue:

The gross sales for the year at Rs. 30534.87 lacs is up by 10% as compared to Rs. 27655.94 lacs in the previous year. The Net sales for the year at Rs. 27842.31 lacs is up by 12% as compared to Rs. 24932.15 lacs. Export turnover for the year stood at Rs 11200 lacs an increase of 44% over the year 2002-03.

The margins of NCB business of the Company recorded a significant drop mainly because of over capacity in this segment. Pursuant to the scheme of amalgamation as approved by the Honorable High courts the assets and liabilities of erstwhile Aryan Pesticides Ltd were transferred and vested with DNL with effect from 1st April, 2003 the Appointed date. The Scheme has accordingly been given effect in the accounts for the year 2003-04. Hence the figures for the current year are not comparable with the previous year.

The Turnover of Organic Intermediates Segment increased by 20% as compared to the previous year.

Expenditure:

As explained above the figures for the current year are not comparable with the previous year.

Net Profit:

Profit for the year at Rs.925.79 lacs is lower by Rs. 223.60 lacs as compared to the previous year. The above profit includes the following Non-recurring items, Divestment of its holding in the equity of DFPCL and Nova Synthetics Ltd of Rs. 373.20 lacs. Sale of TDR Rs. 119 lacs. The Operating margins of the Company were under pressure because of lower realisations and increased raw material prices.

Financial Year 2002-03 V/s 2001-02

Revenue :

The gross sales for the year at Rs. 24932.15 lacs is up by 18% as compared to Rs. 21157.22 lacs in the previous year. The Net sales for the year at Rs. 27655.94 lacs is up by 17% as compared to Rs. 23603.86 lacs. Export turnover for the year stood at Rs 7850 lacs an increase of 32% over the year 2001-02.

Expenditure:

The higher expenditure is because of larger volumes of products handled by the Company during the year as compared to the previous year. Interest and finance cost has dropped from Rs. 1406.73 lacs to Rs. 1292.84 lacs.

Net Profit:

Net Profit at Rs. 1149.39 is up by 46% as compared to Rs. 786.09 lacs in the previous year.

Half-year ended September 2005

Company achieved a turnover (Net sales) of Rs. 16577.68 lacs . The Profit after tax stood at Rs. 576.98 lacs.

Factors that may affect Results of the Operations

An analysis of reasons for the changes in significant items of income and expenditure and the developments that may have material and adverse effect on the business and profitability of the Company are as given hereunder :

a. **Unusual or infrequent events or transactions**:

Following are the major infrequent events or transactions that have taken place during last three years:

2003-04

i) Amalgamation of APL with the Company:

The scheme of amalgamation of APL with the company was sanctioned by the Honourable High Courts at Mumbai and Gujarat vide their orders dated 12.02.04 and 24.03.04 respectively, effective date being 31.03.04. The effect of the same was given in accounts in the year 2003-04. The figures for the year 2003-04 are of merged entity and hence not comparable with the previous year. Consequent to the amalgamation, the company's investment of Rs.580.19 lacs in erstwhile APL stood cancelled.

ii) The company divested its holding in Deepak Fertilisers and Petrochemicals Corporation Ltd. and Nova Synthetics, a subsidiary company, resulting in non-operating income of Rs. 373 lacs.

iii) The company sold TDR of Sahyadri Dyestuffs and Chemicals Division (Land surrendered for road widening) resulting in a gain of Rs.119 lacs.

b. **Significant Economic changes that materially affected or are likely to affect income from continuing operations**:

There are no significant economic changes which have affected or likely to affect the income from continuing operations.

c. **Known trends or uncertainties that has or is expected to have a material adverse impact on sales, revenue or income from continuing operations:**

Apart from the risks as disclosed under heading 'RISK FACTORS" appearing on page vi of this Letter of Offer, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

d. **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:**

Any increase in the cost of labour or material will have an impact on the margins of the company. However, the company takes adequate care in tying up long term contracts and also back to back tie up of selling price vis-à-vis raw material price to mitigate such impacts.

e. **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:**

The increase in turnover is because of combination of increased sales volumes as well as higher realization in the last year.

f. **Total turnover of each major industry segment in which the Company operates:**

The company is operating in three business segments viz. inorganic, organic and fine & speciality chemicals. There is no published data available on each of these segments.

g. **Status of any publicly announced new products or business segment:**

The company has not announced any new product or segment

h. **The extent to which business is seasonal:**

The business of the company is not seasonal in nature.

i. **Any significant dependence on a single or few suppliers or customers:**

The company markets a basket of products to a large number of customers through long term contracts. Termination of a contract may temporarily affect the business of that product for a short term. However, the company is competent enough to overcome any such set-backs as the products of the company carry a definite brand value.

j. **Competitive conditions:**

The company operates in three different segments. The company also has a range of products. There is no direct competition for the three segments from any single competitor. The company's constant focus on innovative process improvements and emphasis on quality and reliability of supplies have helped to create a strong and sustainable relationship with all its customers around the world. The growth is principally driven by knowledge intensive / international business and the company is making persistent efforts in this direction.

SECTION VI: LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956).
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/ Directors other than those mentioned in this Letter of Offer and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Letter of Offer.
- Amount due to Small Scale Undertaking above Rs One lakh for a period of more than 30 days as on 30th September 2005 is Rs 24,74,440.

(A) OUTSTANDING LITIGATION INVOLVING DEEPAK NITRITE LIMITED

FILED AGAINST THE COMPANY:

STATUTORY LAWS:

1. Income Tax

Cases related Disallowance of claims and expenses- Income Tax Appellate Tribunal:

Sr.No	Case No. & cause title	Court / Authority	Assessment Year	Amount (Rs in Lacs)
1	Appeal No. 1383/A/2003	Income Tax Appellate Tribunal	1998-99	Rs 394.09
2	Appeal No. 2407/A/2002	Income Tax Appellate Tribunal	1996-97	Rs 148.55
3	Appeal No. 1384/A/2003	Income Tax Appellate Tribunal	1999-2000	Rs 121.89
4	Appeal No.2882/A/2002	Income Tax Appellate Tribunal	1997-98	Rs 272.45
5	Appeal No.1067/A/2005	Income Tax Appellate Tribunal	2001-02	Rs 40.61
6	Appeal No.1013/A/2002	Income Tax Appellate Tribunal	1995-96	Rs 18.73

2. Civil cases

Cases related to Employees against their dismissal, seeking reinstatement with back wages:

Sr. No.	Case No. & Case Title	Name of the Employee/Party	Court / Authority	Case History
1	Compt. ULP No. 157-2001	Mr. Rajaram D.Gajmal	First Labour Court at Pune	The Union has filed a complaint on behalf of Shri. Rajaram D. Gajmal, workman seeking interalia relief for reinstatement with full back wages and continuity of services. The said workman was discharged from his services w.e.f. 31/07/2001 after he was found guilty for continuous absenteeism

Sr. No.	Case No. & Case Title	Name of the Employee/Party	Court / Authority	Case History
2	Reference (IDA) 19-2005	Mr. Narendra M Desai	Third Labour Court at Pune.	The Complainant Shri. Narendra M. Desai has claimed interalia relief for reinstatement with full back wages and continuity of services.. The said employee was discharged from his services for unsatisfactory performance w.e.f. 31/03/2000. The Company has in its reply has contended that the Complainant is not covered by the definition of " workman" under Industrial Disputes Act 1947
3	Compt. ULP No.344/2005	Mr. Dattatraya Radhakrishan Darandale	Industrial Court at Pune.	The complainant Shri. D. R. Darandale, an employee of the Company has challenged his transfer order dated 09/09/2005. Interim-relief granted in favour of the employee on 07/12/2005 till disposal of the complaint. Writ petition has been filed by the Company in Bombay High Court.
4	Compt. ULP No.345/2005	Mr. Devidas Dyandev Mhetre	Industrial Court at Pune.	The complainant Shri. D. D. Mhetre, an employee of the Company has challenged his transfer order.Interim-relief granted in favour of the employee on 07/12/2005 till disposal of the complaint. Writ petition has been filed by the Company in Bombay High Court.
5	IDA 923/05	Mr.Gulchand S. Deokule	Conciliation Officer, Deputy Labour Commissioner's office, Pune.	Shri. Gulchand S. Deokule, workman has made an application for claiming reinstatement with full back wages and continuity of services. The said workman was discharged from his services w. e. f. 26/04/1999 due to continuous absenteeism . Conciliation officer failed to conciliate the matter and hence submitted his report to Labour Commissioner for further action.
6	CA 5330/04	Mr Naval H.Rana	Gujarat High court	Reinstatement with back wages
7	508-9/00	Mr H.R.Shah & Mr M.M.Das	Labour Court	Case filed by Company's employees against their dismissal, seeking reinstatement with back wages. Case is pending hearing
8	398/97	Mr Naval N.Patel	Labour Court	- Do -
9	1035/97	Mrs Illa Bhavsar	Labour Court	- Do -
10	941,43,44/98	Mr Kanu Harijan	Labour Court	Case filed by Contractual persons against their dismissal for reinstatement with back wages. Case is pending hearing
11	398/99	Mr Jashwant	Labour Court	- Do -
12	949-85/98	Mr S.Dhobi	Labour Court	- Do -
13	771-81/94	Mr Bhagwanisinh D.	Labour Court	- Do -
14	Lcv-934 -936/02	Mr Manubhai	Labour Court	- Do -
15	1232-34/00	Mr Pandit Rao	Labour Court	- Do -
16	15/99	Mr S.Dhobi	Labour Court	- Do -
17	63/04	Mr.Sanjay Parekh	Labour Court	- Do -
18	65/04	Mr Dinesh P.Rathod	Labour Court	- Do -
19	548/97	Mr Parsottam Harigen	Labour Court	- Do -

Sr. No.	Case No. & Case Title	Court / Authority	Case History
1	Compt. ULP Nos.373 to 411/2005,414 to 418, 422 & 427/2005	Industrial Court at Pune.	The Complainants have filed an application for claiming that (I) all dues payable under the VRS scheme have not been paid (ii) that they will be paid ex-gratia for two years on retirement at the age of 58 and (iii) claiming the differential additional ex-gratia amount . and (iv) delay in payment of gratuity dues. The Complainant's application for interim relief U/s.30(2) of the MRTU & PULP Act against the Company for an order prohibiting the company and restraining it from disposing, moving any property including machinery and for a direction to the company to deposit the amount of 100% Basic & D.A. for remaining period of service has been rejected by the court. Company has filed a Caveat against all the complainants in High Court, Mumbai
2.	Complaint No. ULP No. 7/2006	Industrial Court, Pune	The Complaintants have filed application for interim relief under Section 30(2) of the MRTU & PULP Act. The facts of the case are same as mentioned in Compt. ULP Nos.373 to 411/2005,414 to 418, 422 & 427/2005 stated above. Matter is pending for hearing.
3.	No.MH/18562/Dam. Cell/PF/PN/54	Regional P.F. Commissioner, Pune-II	Levy of damages u/s 14-B of the Employees' PF & Misc. Provisions Act, 1952.Payment of interest & damages for the belated remittances u/s 7Q & 14B of Employees PF & Misc. provision Act, 1952. The authorities have asked the company to remit total amt. of Rs.2798/- for the period of 03/1979 to 11/1998. Company has remitted the dues.
4.	1401/02 RPFC -	Gujarat High court	- Proceedings initiated by PF Commissioner for non-deduction by company of PF on Cash value of food Concession
5.	05/2001 ESIC RO vs Deepak Nitrite Ltd	ESIC-IT	Damages for delay in deposit of ESI contribution by the company
6.	ATA No. 926/(5) /2004 RPFC vs Deepak Nitrite Ltd.	EPF Appellate Tribunal New Delhi	Non-deduction of PF on Production Incentive payable to employees of the Company .The Matter is pending before the EPF Tribunal for hearing.
7.	A. No 3of 2004 Civil Appeal No. 1521 of 2001	High Court Gujarat	Case was filed against the Company for discharge of effluent causing pollution. Company has filed appeal against Gujarat Pollution Board in Supreme Court and the Supreme Court has directed the High Court to examine and levy penalty if the discharged effluent has caused any damage due to alleged degradation to the environment.
8.	1062/2004	City Civil Court, Kolkata	Trade Mark infringement case. Company has filed its written reply which is pending hearing .
9.	775/2003 Vivek Jathar vs Deepak Nitrite Ltd	Civil Court, Pune	We are informed by our advocates that the lessor Mr Vivek Jathar has filed this case inter-alia against the company for vacating the leasehold land we have not yet received summons from the court.

CRIMINAL LAWS

Sr. No	Case No. & cause title	Party	Court/Authority	Case History
1	CC NO. 2247 OF 2004	Government of Gujarat Vs. Bhupendra S. Mehta and others (Executives of Deepak Nitrite Limited).	JMFC Vadodara Court	During the annual maintenance shutdown operation there was a small mishap in one of the columns of NT plant on 5/06/2004. The PI in-charge of Chaani Police Station has registered the offence u/s 284, 285, 336 & 114 of Indian Penal Code vide offence registration No. I-91 / 04.
2	RC-103/04	State of Maharashtra vs Deepak Nitrite Ltd & others	Judicial Magistrate First Class Panvel	License required under Solvent & Raffinate Act 2000 was not obtained by the Company. Case filed for not obtaining licence required under the solvents and Raffinate Act, 2000. Case is pending for hearing
3.	41/1999	CBI vs Deepak Nitrite Ltd & others	Sp Court No. 4 Ahmedabad	A case for obtaining Rs 1000/- per tonne discount from KRIBHCO for supply of ammonia is initiated. Discharge application is filed by the Company under Sec 227 of CRPC. The application is pending hearing.

CASES FILED BY THE COMPANY

1. STATUTORY CASES:

Sr. No	Case No. & cause title	Court / Authority	Case history	Amount (Rs in Lacs)
1	Date : 28/06/2002	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging disallowances of claims, expenses in respect of the A.Y. 1996-97. The appeal is pending hearing.	Rs 45.77
2	Date : 14/05/2004	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging in respect of the A.Y. 1998-99. The appeal is pending hearing	Rs 51.92
3	Date : 01/04/2002	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging disallowances of claims, expenses in respect of the A.Y. 1995-96. The appeal is pending hearing.	Rs 20.04
4	Date: 03/09/2002	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of theCIT Appeals upholding the Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 1997-98. The appeal is Pending hearing.	Rs 116.50
5	Date: 06/2003	Income Tax Appellate Tribunal	The Appeal has been filed by the Company Against the order of the CIT Appeals upholding the Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 1998-99. The appeal is Pending hearing.	Rs 112.20
6	Date:02/2003	Income Tax Appellate Tribunal	The Appeal has been filed by The Company Against the order of the CIT Appeals upholding The Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 1999-00. The appeal is Pending hearing.	Rs 15.72

Sr. No	Case No. & cause title	Court / Authority	Case history	Amount (Rs in Lacs)
7	Date:1126/2005	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 2001-2002. The appeal is Pending hearing.	Rs 4.57
8	Date:1923/2005 9/8/2005	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 2002-2003. The appeal is Pending hearing.	Rs.31.20
9	1924/2005	Income Tax Appellate Tribunal	The Appeal has been filed by the Company against the order of the CIT Appeals upholding the Department's contentions challenging Disallowances of claims, expenses in respect of the A.Y. 2003-2004. The appeal is Pending hearing.	Rs 20.65

2. Central Excise & Customs:

Sr. No.	Case No. & Cause Title	Court / Authority	Case History	Amount (Rs in Lacs)
1	Show Cause Notice No.V/Adj.(SCN) 15-304/M-VII/02-03/ 1507 dt. 9.01.03	Appellate Tribunal, West Zonal Bench, Mumbai.(CESTAT)	Joint Commissioner, Central Excise, Raigad passed an Order against the company vide Order No. V/Adj/(SCN) 15-71/Raigad/20036444 dated 25.7.03 confirming the excise duty of Rs. 1.26 lacs on fabrication of Ms storage tanks within the factory premises during the year 2000.as well as penalty and Personal penalty, of Rs.1.26 lacs/- upon Shri S. Rajgopal Iyengar, an ex-Asst. Manager.The case is pending for final hearing.	Rs 1.26
2	Appeal Petition dt. 19.07.05 against Order in Appeal bearing No. AT/275/ RGD/2005 dated 16.05.05 Passed by Commissioner of Central Excise, (Appeals) Mumbai-II against SCN. No. mentioned in Sr. No. 1	Appellate Tribunal, West Zonal Bench, Mumbai.(CESTAT)	In the matter at Sr. No. the Asst. Commissioner of Central Excise at Raigad adjusted the amount of rebate of Rs. 1.76 lacs allowed to the Company by his order AC/ALB/RB-434/04-05/171(A) dt. 13.01.05. The company's appeal is pending hearing.	Rs 1.76
3	Show Cause Notice No. V(11A)/ABG/ 4-11/04-05/1149 dated 28.07.04	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai	Commisioner Central Excise appeals has claimed differential duty amounting to Rs. 3.40 lacs and equivalent penalty of Rs. 3.40 lacs in respect of Para cumidine. Pending the hearing of Appeal, CESTAT has waived the pre-deposit of duty and penalty and stayed recovery of the same.	Rs 3.40
4	Letter No.CEX/ RR-II/ABG/DNL/ 05/914 dated 2.12.2005	Superintendent of Central Excise, Range Roha-II, Roha, Dist. Raigad	Basic Customs duty, CVD & Education Cess against the clearance of finished products manufactured using Imported Raw Material received under Advance Licence, to local market during the year 2004-2005.	Rs 12.64
5	ESIC Office Regional ESIC Office - Vadodara vs Deepak Nitrite Ltd	ESIC RO Vadodara	Damages & penalty for late Payment by the Company.	–

Sr. No.	Case No. & Cause Title	Court / Authority	Case History	Amount (Rs in Lacs)
6	APPEAL NO.: E/3735/03,	C.E.S.T.A.T., COURT II Mumbai	Commissioner of Central excise has claimed differential duty on Finished Goods of Rs. 15,95,152/- and Rs. 6,43,141/- on inter unit clearance of Finished goods, (period July-98 to October 99) Total Rs 22,38,293/- Unconditional stay granted on Dt. 21-01-2004. Company's appeal is pending final hearing.	Rs 22.38

- **Customs**

Sr. No.	Case No. & Cause Title	Court / Authority	Case History	Amount (Rs in Lacs)
1.	Order in original No.716 to 717/ 2000/CAC/CC/ MKB. Dt.31/8/2000 passed by commissioner of customs (Adjudication), Mumbai.	Customs, Excise & Service Tax Appellate tribunal, West Zonal Bench at Mumbai court No.1	This case pertains to Two value based advanced licences obtained in the year 1992 & 1994 on which the Customs Dept has raised demand for entire Licence value and penalty of 100% of the Licence value aggregating to Rs. 1001.38 lacs. The High Court vide its order dt. 7th April, 2005 has remanded back the matter to CESTAT for the case to be heard on merits. CESTAT vide its order dt. 10th November, 2005 has stayed the recovery and waived the pre-deposit of duty and penalty pending final hearing of the case on merits.	Rs 1001.38

3. Sales Tax

S. No.	Case No & Cause title	Court / Authority	Case History	Amount (Rs in Lacs)
1	Appeal No. DC/APP -V/ BA-17/2005-06	Deputy commissioner of Sales Tax (Appeal) V, New Bombay	Appeal against the levy of Bombay Sales Tax on Account of rate difference, sales Returns discounts, dis-allowance of Export sales ,Interest and Penalty	Rs 91.32
2	Appeal No.DC/APP -V/ CA-18/ 2005-06	Deputy commissioner of Sales Tax (Appeal) V, New Bombay	Appeal against the levy of Central Sales Tax on Account of non Production of C forms, late filing of returns. Basic Sales Tax,Interest and Penalty. The same is pending hearing	RS 24.90
3	Appeal No. DC/APP -V/ BA-49/2005-06	Deputy commissioner of Sales Tax (Appeal) V, New Bombay	Appeal against levy of Bombay Sales Tax on Account of disallowance of export sales and Purchases treated as URD though it is RD purchases and Non consideration of deferred tax on a by product which is eligible for deferral benefits. The same is pending hearing	Rs 47.77
4	Appeal No. DC/APP -V/ BA-50/2005-06	Deputy commissioner of Sales Tax(Appeal) V, New Bombay	Appeal against the levy of Central Sales Tax on Account of non-Production of C forms, late filing of returns. The same is pending hearing	Rs 48.92
5	Dy.Commissionr Appeal , Vadodara	Sales Tax Tribunal Ahmedabad	DC appeal has rejected our claim to exclude the Packing Material ,Exempted purchase and Capital Purchase while calculating the purchase tax U/s 15B for the year1997-1998 & 1998-99. The same is pending for hearing	Rs 15.80
6	Sales Tax Officer-I, Vadodara	AC Appeal –I, Vadodara	Sales Tax Officer has rejected our claim to exclude the Exempted purchase while calculating Purchase Tax U/s 15B for the year 1998-1999 under GST Act Sales Tax. Officer has rejected our Trade Discount Credit Note issued to debtors and charged the tax for the year 1998 1999 & 1999-2000 under GST Act.	Rs 34.93

S. No.	Case No & Cause title	Court / Authority	Case History	Amount (Rs in Lacs)
7	Dy.Commissioner of Sales Tax Divi.- 10 Vadodara	Dy.Commissionr Appeal , Vadodara	Asst. commissioner has rejected our claim to exclude the Packing Material ,Exempted purchase and Capital Purchase while calculating the purchase tax U/s 15B for the year 2000-2001. Sales Tax Officer has rejected our Trade Discount Credit Note issued to debtors and charged the tax for the year 2000-2001.	Rs 9.14

4. Civil Cases

Cases related to outstanding Dues from Customers

Sr. No	Case No. & cause title	Cause & Title	Court/Authority City Civil Court	Amount (Rs in Lacs)
1	853 / 97	Dhadhimati Chemicals	Vadodara Court	Rs. 3.75
2	818 / 96	Rohini Pharma Ltd	Vadodara Court	Rs. 7.27
3	553 / 97	Espee International	Vadodara Court	Rs 5.68
4	552 / 97	A J Industries	Vadodara Court	Rs 4.66
5	599 / 97	Rajesh Chemicals	Vadodara Court	Rs. 5.18
6	826 / 97	Jaini Enterprises	Vadodara Court	Rs 0.98
7	2117-18 / 97	Jaini Dyechem	Vadodara Court	Rs 0.36
9	2133 / 97	Universal Enterprises	Vadodara Court	Rs 0.48
10	168 / 98	Nipu Chemicals	Vadodara Court	Rs 13.40
11	83 / 99	Pollar Organics P Ltd	Vadodara Court	Rs 9.27
12	64 / 99	Jips Dyechem	Vadodara Court	Rs 19.11
13	744 / 99	Indexpo Trading Co	Vadodara Court	Rs 9.59
14	823 / 99	Jasud Chemicals	Vadodara Court	Rs 5.81
15	233 / 00	Unity Chemicals	Vadodara Court	Rs 2.57
16	235 / 00	Azo Chemicals	Vadodara Court	Rs 1.08
17	734 / 99	Pusti Chemicals	Vadodara Court	Rs 2.93
18	894-5 / 00	Chemox Laboratories	Vadodara Court	Rs 20.36
19	186 / 02	Ajay Enterprises	Vadodara Court	Rs 20.05
20	210 / 01	Shri Krisha Chemical(Vk)	Vadodara Court	Rs 2.60
21	212 / 01	Blue Blend Petro (Vk)	Vadodara Court	Rs 3.48
22	211 / 01	Aditya Product (Vk)	Vadodara Court	Rs 8.26
23	229 / 01	Chemco Stilbine (Vk)	Vadodara Court	Rs 27.92
24	198/04	Nishansu Health Care	Vadodara Court	Rs 4.45
25	217/04	Jupiter Chemicals	Vadodara Court	Rs 6.36
26	197/04	Tulsi Chem	Vadodara Court	Rs 5.58
27	195/04	J N Kanth Dye Chem	Vadodara Court	Rs 1.15
28	322/04	Jigna Organics	Vadodara Court	Rs 2.24
29	3101/04	Indosol Drugs Ltd	Vadodara Court	Rs 5.72
30	327/2005	Cosmic Dyes & Inter	Vadodara Court	Rs 47.11
31	58 / 98	Dipika Colour Ind P Ltd	High Court of Gujarat.	Rs 0.38
32	59 / 98	Mukund Chemicals Ltd	High Court of Gujarat.	Rs 1.44
33	28 / 98	Hicel Pharma Ltd		Rs 7.23
34	64/2004	Sirish Limited	High Court of Hyderabad	Rs. 14.14
35	134/01	Montari Industries	High Court of Haryana	Rs 19.97
36	35/2005	Edwood Boards and Panel P.L	Vadodara Court	2.59

Others

Sr. No	Case No.	Party	Court/ Authority	Case History
1	297/2003	Sirish limited (BIFR Claim)	BIFR Delhi	Company has filed an application with BIFR as the said Company has been referred to BIFR
2	EXB/63	Bank Of Maharashtra And Shri Narayan Organics Pvt. Ltd	DRT-Mumbai	Company has filed an intervention application with Debt recovery Tribunal Mumbai to recover the amounts in respect of material supplied to Shree Narayan Organics Pvt Ltd,
3	2900/2004	Deepak Nitrite Ltd. Vs Century Plyboards India Ltd.	High Court, Mumbai	Trade Mark infringement case. Company has filed appeal on 2nd December, 2005 against the order of High Court dismissing Notice of Motion No. 3323/ 2004. Hearing is awaited.
4	382/2005	DNL Vs Bhartiya Kamgar Sena	Industrial Court, Thane	Company has filed a case against Bhartiya Kamgar Sena under MRTU and PULP Act against strike called by Union. Hearing is awaited.

5. Criminal Cases

Case related to section 138- Dishonour of Cheque:

Sr. No	Case No. & cause title	Cause & Title	Court/Authority	Amount (Rs in Lacs)
1	5810 / 96	Dhadhimati Chemicals	Vadodara Court	Rs 0.50
2	2938 / 97	Sungold Chemicals	Vadodara Court	Rs 1.32
3	899 / 98	Bhansali Organics	Vadodara Court	Rs 24.88
4	2554 / 99	Shaper Chemicals	Vadodara Court	Rs 0.67
5	2713 / 98	A.L.Enterprises	Vadodara Court	Rs 2.14
6	2714 / 98	A.L.Enterprises	Vadodara Court	Rs 0.63
7	2872 / 98	A.L.Enterprises	Vadodara Court	Rs 1.47
8	2873 / 98	A.L.Enterprises	Vadodara Court	Rs 1.47
9	2953 / 99	Pricision Machinery	Vadodara Court	Rs 1.38
10	1746 / 99	Ajay Enterprises	Vadodara Court	Rs 12.5
11	1228-31/05	Cosmic Dyes & Inter	Vadodara Court	Rs 19.41
12	1967-69/03	Dinesh Pharma	Vadodara Court	Rs 11.96
13	2207/03	Nishansu Health Care	Vadodara Court	Rs 2.15
14	4204-6/05	Sai Enterprises	Vadodara Court	Rs 1.50
15	185&187/93	Manikanta Chemicals	High Court Hyderabad	Rs 19.24
16	186/93	Synergy Labs	High Court Hyderabad	Rs 4.32
17	107/00	Montari Industries	JMFC Roha	Rs 11.07
18	1305 –2937/ 98	Jips Dyechem	Vadodara Court	Rs 19.11
19	1306 / 98	Saboo Medicon Ltd	Vadodara Court	Rs 3.30
20	486 / 99	Threebee Pertochem	Vadodara Court	Rs 5.31
21	985 / 01	Shri Krisha Chemical(Vk)	Vadodara Court	Rs 2.6
22	986 / 01	Blue Blend Petro (Vk)	Vadodara Court	Rs 3.48
23	987 / 01	Aditya Product (Vk)	Vadodara Court	Rs 8.26
24	988 / 01	Chemco Stilbine (Vk)	Vadodara Court	Rs 27.92
25	202 ENQ	Shree Narayan Organics Pltd	Vadodara Court	Rs 19.27
26	111 / 99	Saboo Medicon Ltd	Vadodara Court	Rs 2.59
27	1704/5	Edwood Boards & Panel P.L	Vadodara Court	Rs 2.59

Outstanding Litigations involving Promoters/Directors

Except as stated herein, there are no outstanding litigations, dispute, defaults, non-payment of statutory dues, overdues to banks and/or FIs, default against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of part (1) of Schedule XII of Companies Act 1956 against Promoters/Directors of Deepak Nitrite Limited).

S. No.	Case No.	Cause Title	Court/Authority	Brief facts
1.	41/1999	CBI Vs Deepak Nitrite Ltd. & Others including Mr. D.C.Mehta and Mr. A.C. Mehta	Sp. Court No. 4 Ahmedabad	A case for obtaining Rs 1000/- per tonne discount from KRIBHCO for supply of ammonia is initiated. Discharge application is filed by the Company under Sec 227 of CRPC. The application is pending hearing.

Outstanding Litigations involving Promoters' Group Companies

Except as stated herein, there are no criminal, economic, securities, statutory or other litigations against any of the group/ associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/ civil prosecutions for any offence irrespective of whether specified under any enactment in Paragraph (1) of Part (1) of Schedule XIII of Companies Act 1956 against the Group Companies/Associate Companies promoted by the Promoters.

There are no outstanding litigations, defaults etc. pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in Paragraph (1) of Part (1) of Schedule XIII of Companies Act 1956.

The promoters, their relatives as per Companies Act, 1956, Issuer, Group Companies, Associate Group Companies are not detailed as wilful defaulters by RBI/Government Authorities and there are no violations of securities laws committed by them in the past or pending against them.

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LTD

CRIMINAL CASES:

S. No.	Case No.	Petitioner	Respondent	Brief facts
1.	C.C. No. 2075/s/2002S/02 No.1874 to 78/2005 – XXVIII MM, Esplande, Mumbai	DFPCL	P.S. Offshore and BOSS	BOSS and P S Offshore had issued in Company's favour post-dated cheques for Rs.29 lakhs and Rs.3.85 crores., the said cheques were deposited in the bank but all the cheques have been dishonoured. Criminal proceedings have been initiated against these companies and their directors.
2.	CRC No. 5349/03 JM, Pune	DFPCL	Krushi Raj Agro, Akola	During the period June 2001 and July 2002, the Company had raised various invoices on the defendant against the products supplied. After giving credit to the payments made by the accused, the sum of Rs.44,59,372/- is found due and payable by the defendant as on 30th July 2002. Accused issued cheque to settle the outstanding which was dishonoured. Hence the complaint was filed.

CIVIL LAWS:

S. No.	Case No.	Petitioner	Respondent	Case History
1	Suit No. 1763/96	DFPCL	ONGC	Recovery of transportation cost since the gas has been transported through the Company's own pipeline and, as such, ONGC has not incurred any cost for such transportation. (pertaining to the period from 1983 to Jan 1987)

S. No.	Case No.	Petitioner	Respondent	Case History
2	E.P No. 191/96 in W.P. No. 2993/83	ONGC	DFPCL	Recovery of 97.97 lakhs. This claim is disputed by Deepak since ONGC raised new claim in the name of Minimum Gas off-take which was not agreed upon.
3.	A.S. No. 849/98 in Arbitration Petn. No. 203/93	Union of India	DFPCL	Recovery of Claim amounting to Rs.90.1 lakhs and interest @ 17%. In terms of the Agreement dated 19th February 1982 between the Company and the President of India (Government), the commercial production of the Ammonia Plant was to begin within 30 months from the effective date i.e. 30th December 1979. Arbitrator appointed. Award in favour of DFPCL. Award challenged before High Court.
4.	Suit No. 3894/93	DFPCL	P S Offshore	Recovery of Rs.5.61 cr. DFPCL agreed and lent to P.S. Offshore sum of Rs.5.61 crores with 16% interest repayable on or before 31.03.1990. Since P.S. Offshore failed to repay the referred suit was filed.
5.	Suit No.3894/93	DFPCL	Venus Trading Co.	Recovery of Rs.4.29 lakhs with interest. The Company had placed purchase orders on M/s Venus Trading Company (Venus) for the supply of pipes according to the designs/ specifications. Venus, along with the supplies of SS Pipes, submitted test certificates purporting to be certificates from the original stainless steel pipe manufacturers, however, the same is not true. Since Venus disclaimed any liability DFPCL claimed damages. Meanwhile, Venus filed the referred suit for recovery towards outstanding payments.
6.	W.P. No. 6158/2000	DFPCL	Indian Railways	Writ of certiorari for quashing order of W.Rly proposing to lay railway line on gas pipe line of DFPCL.
7.	W.P. No. 5635 of 2005	DFPCL	The Chief Controller of Revenue Authority & others.	Appeal challenging payment of stamp duty for the land allotted by MIDC in Kalomboli.

SECURITIES LAWS:

Sr. No	Case No. & Case Title	Party	Case History
1.	Suit No. 2513 of 2001	Mashreq Bank Plc. & others	Suit for injunction and declaration on issue of duplicate share certificate to 36 NRIs. Suit being interpleader suit company would be absolved after the contesting parties enter appearance.

PROLIFIC CREDIT & CAPITAL PVT. LTD.

Income Tax:

Sr. No.	Case No. and Cause Title / Year	Court / Authority	Case History	Amount of Income (In Lakhs)
1	AY 2001-2002	Income Tax Appellate Tribunal	Appeal is pending in the Tribunal on the issue of addition of electricity expenses.	15.03

BLUESHELL INVESTMENTS PVT. LTD.

Income Tax:

Sr. No.	Case No.,Cause Title / Year	Court / Authority	Brief Case History	Amount (In Lakhs)
1	AY 1997-1998	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of interest expenses and notional capital gains.	134.21
2	AY 1997-1998	Income Tax Appellate Tribunal	Case filed by the company is pending in the Tribunal on the issue of addition made to Short Term Capital Gains.	126.33
3	AY 1998-1999	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of notional capital gains.	191.76
4	AY 1999-2000	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of interest expenses and notional capital gains.	284.00
5	AY 2002-2003	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of Short term capital loss and Long term capital loss	251.49

YEROWDA INVESTMENTS PVT. LTD.

Income Tax:

Sr. No.	Case No. and Cause Title / Year	Court / Authority	Case History	Amount (In Lakhs)
1	AY 1997-1998	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of interest expenses and profit earned on sale of flats	266.79
2	AY 1998-1999	Income Tax Appellate Tribunal	Case filed by the Income Tax Department is pending in the Tribunal on the issue of interest expenses.	5.25

Interest Tax:

Sr. No	Case No. and Cause Title / Year	Court / Authority	Case History	Amount (In Lakhs)
1	AY 1992-1993 AY 1993-1994 AY 1994-1995	Income Tax Appellate Tribunal	Cases filed by the Income Tax Department for 3 assessment years are pending in the Tribunal on the issue of as to whether the company is chargeable to Interest Tax within the ambit of Interest Tax Act.	23.56

MATERIAL DEVELOPMENTS SUBSEQUENT TO LAST BALANCE SHEET

THE DIRECTORS OF THE COMPANY IN THEIR OPINION HEREBY STATE THAT THERE IS NO MATERIAL DEVELOPMENT AFTER THE DATE OF THE LAST FINANCIAL STATEMENTS DISCLOSED IN THE LETTER OF OFFER WHICH IS LIKELY TO AFFECT THE TRADING OR PROFITABILITY OF THE COMPANY OR THE VALUE OF ITS ASSETS, OR ITS ABILITY TO PAY ITS LIABILITIES WITHIN THE NEXT TWELVE MONTHS.

The Board of Directors at its meeting held on 16th December, 2005 has decided to sell off the factory plot of land of Sahyadri Dyestuff and Chemicals Division located at Pune, at a consideration of Rs. 30 crores. The Company has Brought forward Long term Capital Loss of Rs. 14.28 crores which can be set-off against the Long term capital gains arising out of the sale of factory land. No decision has yet been taken on plots other than factory plot of Sahyadri Division.

2. GOVERNMENT APPROVALS & LICENSING ARRANGEMENTS:

The Company has received necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further material approvals are required by the company for carrying on the present business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals are required from any statutory authority to continue such activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

I. NANDESARI DIVISION

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity Date
1	Department of Explosive	P.12 (25)995/GJ/BRD/275	License to store petroleum Products-Underground Tanks	31.12.2008
2	Department of Explosive	P.12(25)616/GJ/BRD/193	License to store Furnace oil at Nitrite	31.12.2008
3	Department of Explosive	P.12(25)2173/GJ/BRD/430	License for Nitro Storage Tanks	31.12.2008
4	Department of Explosive	S/HO/GJ/03/84(S 1175)	License to store Liquid Ammonia	31.3.2007
5	Department of Explosive	S/WC/GJ/04/1985(S22025)	License to transport Liquid Ammonia Tankers by the road	31.3.2007
6	Department of Explosive	PV (WC)T-1393-GJ-BRD-PVT-925	License to transport Liquid Ammonia Tankers by the road	31.3.2007
7	Department of Explosive	PV (WC)T-60-GJ/BRD-PVT-29	License to transport Ammonia Tankers by the road	31.3.2007
8	Department of Explosive	PV(WC)T-19-GJ-A/BRD-PVT-926	License to transport Liquid Ammonia Tankers by the road	31.3.2007
9	Department of Explosive	PV(WC)T-28/GJ/A	License to transport Liquid Ammonia Tankers by the road	31.3.2007
10	Department of Explosive	GJ/BRD/GC/6-148 (SO2)	License to store Sulphur Dioxide Gas cylinders	31.3.2006
11	Department of Explosive	G/WC/GJ/06/827(G13955) For Cl_2	License to store Chlorine- Gas cylinders	30.9.2014
12	Department of Explosive	GJ/BRD/GC/S-169(ECL2)	License to store Ethyl Chloride- Gas cylinders	31.3.2006
13	Gujrat Pollution Control Board	GP CB/CCA/VRD-116/682	To discharge effluents	10.6.2007
14	Gujrat Pollution Control Board	AUTHORISATION NO.: 16 (Nitrite) & 1029 (Nitro)	To store and Disposed of Hazard Waste	10.6.2007
15	Gujarat Boiler – Inspection Department	GT 1603	License for the use of Boiler for Nitrite	28.10.2006
16	Gujarat Boiler – Inspection Department	GT 1771	License for the use of Boiler for Nitrite	Applied for renewal

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity Date
17	Gujarat Boiler – Inspection Department	GT 2548	License for the use of Boiler for Nitrite	Certificate awaited
18	Gujarat Boiler – Inspection Department	MR 9850	License for the use of Boiler for Nitrite	Applied for Renewal
19	Gujarat Boiler – Inspection Department	GT 3538	License for the use of Boiler for Nitrite	23.6.2006
20	Gujarat Boiler – Inspection Department	GT 2613	License for the use of Boiler for Nitrite	Not in use with effect from 21.05.2004
21	Gujarat Boiler – Inspection Department	GT/E 340	License for the use of Boiler for Nitrite	24.02.2006
22	Gujarat Boiler – Inspection Department	GT/E-370	License for the use of Boiler for Nitro	08.6.2006
23	Gujarat Boiler – Inspection Department	GT-2928	License for the use of Boiler for Nitro	06.5.2006
24	Gujarat Boiler – Inspection Department	GT/E-301	License for the use of Boiler for Nitro	07.12.2006
25	Gujarat Boiler – Inspection Department	GT-4198	License for the use of Boiler for Nitro	7.9.2006
26	Superintendent Central excise & Customs	AAACD7468AXM004	Registration certificate	
27	Service Tax, Pune commissionerate III	BAS/PIII/562/STC	Input Service Distributor	
28	Income Tax Department	PNES00446F	Tax Deduction Account Number	
29	Ministry of Commerce-DGFT, Mumbai	IEC No. 0388046295	IEC Code	
30	Income Tax Department	PNE003452B	Tax Deduction Account Number	
31	Central Excise Department	AAACD7468AXM006	Registration certificate of Central Excise-Roha	
32	Central Excise Department	AAACD7468AXM007	Registration Certificate of Central excise-Dharwad	
33	Superintendent (Service Tax)	ST/RAIGAD/430505/41/ GTA/04-05	Registration Certificate Service Tax GTA	
34	Sales Tax Department	M.S.T. No. 411006/S/929	Maharashtra Sales tax Registration certificate	

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity Date
35	Sales Tax Department	C.S.T. No. 411006/C/66	Central Sales Tax Registration Certificate	
36	Commercial Tax Department – Karnataka	4538472	Karnataka Sales Tax Registration	
37	Service Tax Department- Pune	BAS/PIII/562/STC	Input Service Distributor	
38	Asst. Commissioner of Central Excise, Vadodara	AAACD7468AXD001	Dealer Licence	
39	Income Tax Department	PNES00446F	Tax Deduction Account Number	
40	Ministry of Commerce- Mumbai	IEC No. 0388046295	IEC Code	
41	Income -Tax Department – Vadodara	AAACD7468A	Permanent Account Number	
42	Income Tax Department	BRDD 00655E	TAX Deduction Account No	
43	Central Excise & Customs Department -Vadodara	AAACD7468AXM002	Registration certificate of Central Excise Act	
44	Superintendent (Service Tax)	GTA/D/III/V-I/90/DN/05	Service tax Regn GTA	
45	Sales Tax Department – Vadodara	1919001422	Gujarat Sales Tax Registration	
46	Sales Tax Department- Vadodara	7844	Central Sales Tax Registration	
47	Industrial Health & Safety Department	No. 081489	Factory License for Premises usage's as Factories	Applied for renewal
48	District Supply officer – Collectors Office	4/2005	For Storage of LDO & FO- Solvent Licence	31/12/2006
49	Department Of Prohibition & Excise	02/2004-05 MA - I	For Storage and Job work of Methyl Alcohol	31/03/2006
50	Department Of Prohibition & Excise	19/03-04 MA – II	For Storage of Methyl Alcohol	31/03/2006
51	Department Of Prohibition & Excise	220/05-06	For Storage and usage of Absolute Alcohol	31/03/2006

II. SDC DIVISION-PUNE

Sr. No.	Issue Authority	Registration/ License No.	Pupose for Registration/License No.	Validity
1	Industry Safety & Health Department	73989	Licence for Registration and running factory	Applied for Renewal
2	License & Sky Sign Department-Pune	1614	Licence for Storage of Petroleum Product -Kerosene	Mar-06
3	License & Sky-sign Department-Pune	1613	Licence for Storage of Petroleum Product -Furnace Oil	Mar-06
4	License & Sky-sign Department-Pune	1615	Licence for Storage of Petroleum Product -Benzene	Mar-06
5	License & Sky-sign Department-Pune	753	Licence for Storage of Spirit (Methylated & Denatured)	Mar-06
6	License & Sky-sign Department-Pune	L/ 2498	License for plant & Machinery- U/S 313 of the Bombay Provincial Municipal Corporation Act, 1949 for factory.	Mar-06
7	Food and License Department	4105	Licence for Production of eatable goods, Storage, Sale, Distribution etc.	31.12.2006
8	Foodgrain Distribution Officer, Pune	FDO/II/2005	Licence for Storage Sale & Use of Solvent Raffinate & slop (Licence for storage of Furnace Oil & Light Diesel Oil)	20.01.2008
9	Profession Tax Department-Pune	PT/R/2/216/ 25/3005	Registration of employer under Maharashtra State Tax on Professions, Trades, Callings and Employment's Act 1975.	
10	Regional Central Apprenticeship Adviser	BOAT/23175	Notice for engagement of Grad/Tech/Tech(Voc) Apprentices Act, 1986	
11	Asst. Commissioner of Labour	PN-240	Registration of engage Contract employee	
12	Boiler Inspection Department-Mumbai	MR/13026	Certificate for the use of Boiler (Type - H.S.T.Package)	21.01.2006
13	Boiler Inspection Department-Mumbai	MR/10164	Certificate for the use of Boiler	28.01.2006 *
14	Department of Explosive	P/HQ/MH/15/ 296(P5653)	Licence to Import and store Petroleum in Installation	31.12.2007
15	Department of Explosive	MR/PN/GC-S-22	Licence to store compressed Gases in Cylinder	31.12.2007
16	Department of Explosive	P/HQ/MH/15/ 449(P5800)	Licence to Import and store Petroleum in Installation	31.3.2007
17	Maharashtra Pollution Control Board	Consent No. BO/PUNE-164/ CC-448	Consent to operate U/s. 25/26 of the Water & Air	31.12.2007
18	Assist Director General of Foreign Trade	AAACD 7468A FT 001	Certificate of Import Export Code (IEC)	
19	Central Excise & Customs Department-Pune	AAACD7468A XM004	Allotment of New Excise Control Code No.	
20	Central Excise & Customs Department-Pune	1006030014	Registration Certificate to Manufacturing Goods, act as a excisable goods for purposes	
21	Service Tax Department -Pune	AAACD7468 AST003	Allotment of Service Tax Code Number.	

Sr. No.	Issue Authority	Registration/ License No.	Pupose for Registration/License No.	Validity
22	Superintendent, Central Excise (STC), Pune-III	GTA/P-III/32/ STC	Certification to registration with the Central Excise Department. for payment of Service Tax on service of Transport of goods by road services.	
23	Sub Regional Provident Fund Department-Pune	MH/1515	Registration of PF deduction from the salary/wages of the employee & its benefits	
24	Sub Regional Provident Fund Department-Pune	MH/18572	Registration of PF deduction from the salary/wages of the employee & its benefits.	
25	Employees State Insurance Corporation-Pune	33/4728/34	Registration of ESI deduction from the salary/wages of the employee & its benefits.	

* Since the licence is not in use, the company has not applied for renewal of the same.

III. TALOJA CHEMICAL DIVISION

Sr. No	Issuing Authority	Registration/License No.	Nature of Registration/License	Validity Date
1	Collector/ District supplies office –Alibag	76/2003	License for Acquisition storage, sale & use of solvent Raffinate & slop	04.11.06
2	Executive Engineer MIDC Alibag	TB/TLJ/1016/2005	Agreement with MIDC for Hydrogen Pipeline from DFPCL	24.05.2008
3	Executive Engineer MIDC Div. Dombivli	Agreement	50 mm Water connection agreement	–
4	Sales Tax Office	410208-S-106 400021/C/409	Sale Tax Return	–
5	Service Tax Department	ST/GT/BEL/ 1722/04-05	FORM ST - 2 (Certificate of Registration)	–
6	Central Excise Department-Taloja	AAACD 7468 AXM001	FORM R.C. (Proforma of registration certificate)	–
7	Industry safety & Health Department	Letter dated 16.02.05	Payment of wages Act Form No - V	–
8	Asst. Commisisoner of Labour	NO-ACL/Raigad/CLA/R-27/95	Renewal of License Form No. VII	Applied for renewal
9	Maharashtra Labour Welfare Board	15FD6622N	L W F (half yearly Return June End)L W F (Half yearly Return December End)	30.06.2006 Applied for renewal
10	Inspector of Factory	Approved Plan No. R-88/1625/ 2003 dtd 9.7.03, Licence no. 55076	Approved Plans for Factory Stores & Admin. Building	Applied for renewal
11	Member Sercretary (MPCB)	BO/RONM/ THANE/275-02/ CC-99	Water, Air & Hazardous Waste Consent	28.02.2007
12	Inspector (Weight and Measurement)	0214043 /42 / 45	Certification of Verification & Stamping of Weights & Balances (Weigh Bridge)	30.11.2006
13	Supdt. Engineer (MSEB)	Order No. SE/ VC/Tech/PNL - 133/01 DTD.01.01.03	Loan Sanction Letter	31.03.06
14		DATED 05.01.1996	Agreement with M S E B	31.01.06
15	Director (Steam and Smoke Nuisances)	MR-12498	Form No. VI (Certificate of use) Nestler Boiler - 138 m2	18.10.2006
16		12265	JAEC Boiler	05.04.2006
17	Chief Controller of Explosive	G/WC/MH/06/1629(g16975)	Licence for Storage Hydrogen Gas Cylinder	30.09.2007

IV. APL DIVISION

Sr. No	Issuing Authority	Regn./License No.	Purpose of the Registration / License	Validity
1	Factory Inspectorate (Joint Director Health & safety)	79609	License of Factory	31.12.2006
2	Competent Authority		License for Storage of Petroleum Kerosene	18.01.2010
3	Explosives Department (Chief Controller of explosives)	MR/KOL/GC/S-72	License for Storage of Petroleum Furnace Oil	31.03.2006
4	Explosives Department	P/HQ/MH/15/1256(P6572)	License for storage & Movement	31.12.2006
5	Explosives Department	P/HQ/MH/15/5325(P0525)	License for Storage of Petroleum Benzayen	31.12.2006
6	Explosives Department	P1(26)	License for Storage & Movement	Permanent
7	District supply Officer Raigad	117/2005	License for Storage of Spirit (Methylated & Denatured)	27.03.2006
8	MPCB	BO/TB/WAPE/Raigad 37/CC-38	Consent to operate	30.03.2008
9	Bombay Boiler Inspection Dept	Boiler No/. MR-12650	Certification of Boiler	05.01.2007

The Company has applied for a Patent of an invention titled “An improved process for preparation of Anti-Fungal, Anti-Wood Borer and Anti-Termite Fomulations” with the Controller of Patents, Mumbai vide its application dated January 17, 2006. The said application is pending for grant of patent.

SECTION VII: REGULATORY & STATUTORY DISCLOSURES

Authority for the present issue

The Board of Directors of the Company (hereinafter referred to as "The Board") pursuant to the resolution passed at the Board Meeting held on December 16, 2005 have decided to offer 29,91,031 Equity Shares of Rs. 10/- Each For Cash at a Premium of Rs. 140/- per Equity Share on Rights Basis to the Existing Equity Shareholders of Deepak Nitrite Limited In the Ratio of 2 Equity Shares for every 4 Equity Shares held on the Record Date February 28, 2006.. For every Two Equity Shares being allotted on Rights Basis under this Issue, the Allottees will receive One Detachable Warrant. Total Issue including Conversion of Warrants into Equity Shares during Warrant Conversion Period at Rs 250/- Per Share would aggregate Rs. 8225.34 Lacs. The Board of Directors at their Meeting held on December 16, 2005 have authorised a Committee of Directors to take the decisions in connection with the Rights Issue including the approval of Letter of Offer.

Prohibition by SEBI

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, in control of the promoting Company, are currently not prohibited from accessing the capital market under any order or direction passed by SEBI. The listing of any securities of the issuer has never been refused at any time by any of the Stock Exchanges in India or abroad. Further the Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

Eligibility for the issue

Deepak Nitrite Limited is an existing company under the Act, whose equity shares are listed on BSE and VSE. It is eligible to offer this Rights Offer in terms of Clause 2.4.1 (iv) of the SEBI Guidelines. The Company, its Promoters, its Directors or any of the Company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. None of the Directors of the promoter company, have been prohibited from accessing the capital market under any order or direction passed by SEBI. Further the Promoters, their relatives (as per the Companies Act, 1956), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI.

SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE OFFERER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 23rd DECEMBER 2005 WHICH READS AS FOLLOWS:

"1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID OFFER;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

a. THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

c. THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER;

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID; AND

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER(S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

The Company may, if it deems necessary, get a part or whole of this Offer underwritten at any time prior to the Offer Closing Date.

Caution

The Issuer accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his/her own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.

Disclaimer with respect to Jurisdiction

This Issue is made in India to those whose names appear in the Register of Members as on the Record Date who are specifically addressed through a communication directly to, and who are eligible to apply for equity shares. No person other than a member as on the Record Date and those in favour of whom the shares offered to such member had been renounced by him shall apply for subscription in the equity shares offered through this document.

This Letter of Offer does not, however, constitute an offer to sell or an invitation to subscribe to the equity shares of the Company in any other jurisdiction to any person to whom it is unlawful to make an offer in such jurisdiction. Any person into whose possession this Letter of Offer comes is required to inform himself about and to observe any such restrictions

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations there under. Any disputes arising out of this Offer will be subject to the jurisdiction of the appropriate court(s) in India only.

Disclaimer Clause of the Stock Exchanges

Disclaimer Clause of the BSE

"Bombay Stock Exchange Limited (hereinafter referred to as "the Exchange") has given vide its letter dated January 13, 2006 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

(i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

(ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of

any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of the Vadodara Stock Exchange Ltd

Vadodara Stock Exchange Ltd (hereinafter referred to as "the Exchange") has given vide its letter dated January 16, 2006 permission to the Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

The Letter of Offer was filed with SEBI, Mittal Court, "B" Wing, Nariman Point, Mumbai – 400021 for its observations. The final Letter of Offer will be filed with the Stock Exchanges and SEBI. All the legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchange and SEBI will be complied with.

Listing

The existing equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and Vadodara Stock Exchange Ltd (VSE). The Company has made applications to the Bombay Stock Exchange Ltd and Vadodara Stock Exchange Ltd for permission to deal in and for an official quotation in respect of the securities being offered in terms of this Letter of Offer.

The Company has received in-principle approval from BSE and VSE vide letter dated January 13, 2006 and dated Jauary 16, 2006 respectively.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchanges mentioned above, within six weeks from the Offer Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-sections (2) and (2A) of Section 73 of the Act.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who-

(a) Makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years"

CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue, Bankers to the company; and Lead Manager and Registrar to the Issue, to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration.

M/s. B.K. Khare & Co. Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Letter of Offer, Income Tax Benefits in the form and context as appearing in this Letter of

Offer, accruing to the Company and its members, and such consents and report has not been withdrawn up to the time of delivery of this Letter of Offer.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by us.

EXPERT OPINION

Except as stated in this Letter of Offer, the Company has not obtained any expert opinions.

ALLOTMENT LETTERS/REFUND ORDERS

The Company will issue and dispatch letters of allotment/share certificates and/ or letters of regret along with refund order or credit the allotted shares to the respective beneficiary accounts, if any, within a period of six weeks from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73(2A) of the Act.

Letters of allotment/share certificates/refund orders above the value of Rs.1,500 will be dispatched by Registered Post/Speed Post to the sole/ first applicant's registered address. However, refund orders for value not exceeding Rs. 1,500 shall be sent to the applicants under Postal Certificate. Such cheques or pay orders will be payable at par at all the centers where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/first applicant. Adequate funds would be made available to the Registrar to the Issue for dispatch of the letters of allotment/share certificates/ refund orders.

In case the Company issues letters of allotment, the corresponding share certificates will be kept ready within three months from the date of allotment or such extended time as may be approved by the Company Law Board under Section 113 of the Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

CREDIT RATING

This being an issue of equity shares, no credit rating is required. No ratings have been received by the Company for other securities/instruments in the last three years.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	**Amount (Rs. In Lacs)**	**% of the total issue expenses**	**% of total issue size**
Lead Managers Fees, Registrar Fees, Audit Fees & Consultancy Fees	25,00,000	58.14	0.28
Printing & Stationery / Dispatch	6,00,000	13.95	0.07
Advertisement & marketing expenses	7,00,000	16.28	0.08
Other Expenses (Listing Fees, Depository Charges etc.)	5,00,000	11.63	0.06
TOTAL	**43,00,000**	**100.00**	**0.49**

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the lead manager will be as per the Memorandum of Understanding executed between the Company and the Lead Manager dated December 16, 2005, a copy of which is available for inspection at the Registered Office.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s. Sharepro Services (India) Pvt Ltd will be as per the Memorandum of Understanding between the Company and the Registrar dated December 16, 2005 copy of which is available for inspection at the registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

The company has not made any issue during the last five years.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section entitled 'Capital Structure" on page no. 11 of this Letter of Offer.

Previous Rights & Public Issue by Group Companies in the last 3 years.

None of the Group /Associate companies have made any Rights/Public Issue in the last three years except by Deepak Fertilisers & Petrochemicals Corporation Limited the details of which are as under:

Deepak Fertilisers and Petrochemicals Corporation Ltd has during the financial year 2003-2004 issued Secured Convertible Debentures of:

i. 7.50% aggregating Rs 20 crores and

ii. 7.25% aggregating Rs 18 crores thus totalling to Rs 38 crores on private placement basis which are redeemable in the ratio of 30:30:40 at the end of 5th, 6th, and 7th year from the date of allotment.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

Deepak Nitrite Ltd has paid an Underwriting commission @ 2.50 % on 2,25,000 Equity Shares of Rs 10/- each and 15,000, 9.5% Redeemable Cumulative Preference Shares of Rs 100/- each offered for subscription to the public in the year 1971.

The Company has also paid Brokerage @ 1% on the issue price of the Shares on the basis of Allotments.

PARTICULARS IN REGARD TO DEEPAK NITRITE LTD AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1)(B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

Neither Deepak Nitrite Ltd nor any other listed companies under the same management within the meaning section 370(1) (B) of the Companies Act, 1956 has made any capital issue during the last three years.

PROMISE *VIS-À-VIS* PERFORMANCE:

Issuer Company

- **PUBLIC ISSUE**

The Company came out with its maiden Public Issue in the year 1971 comprising of 2,25,000 equity shares of Rs 10/- each and 15,000, 9% Redeemable Cumulative Preference Shares of Rs 100/- each aggregating to Rs 37.50 lacs.

Particulars	
Issue Opened on	5th July 1971
Issue Closed on	15th July 1971

There were no promises made in the Prospectus.

- **LETTER OF OFFER**

The Company came out with an Issue of 25,51,500 - 12.5% Secured Redeemable Partly Convertible Debentures of F.V Rs 80/- each for cash at par aggregating Rs 20.41 crores and Issue of 24,30,000 - 14% Secured Redeemable Non-Convertible Debentures of F.V Rs 100/- for cash at par aggregating Rs 24.30 crores.

Particulars	
Issue Opened on	21st March 1991
Issue Closed on	20th April 1991

There were no promises made in the Letter of Offer.

Group Company

One of the Group Company viz Deepak Fertilisers and Petrochemicals Corporation Ltd has during the financial year 2003-2004 issued Secured Convertible Debentures of:

iii. 7.50% aggregating Rs 20 crores and

iv. 7.25% aggregating Rs 18 crores thus totalling to Rs 38 crores on private placement basis which are redeemable in the ratio of 30:30:40 at the end of 5th, 6th, and 7th year from the date of allotment.

There were no promises made in the Letter of Offer

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES

The Company has no outstanding debentures or bond issue or preference shares.

STOCK MARKET DATA

The Company's shares are listed on Bombay Stock Exchange Limited (Designated Stock Exchange). As the shares are traded on BSE, the Company's stock market data has been given separately.

The high and low closing prices recorded on BSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

BOMBAY STOCK EXCHANGE LIMITED:

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of shares)	Average price (for the year (Rs.)
2002	54.00	9.07.02	4015	24.05	3.01.02	133	39.03
2003	87.00	29.12.03	19522	37.55	1.04.03	575	62.28
2004	102.40	25.11.04	74896	49.50	24.06.04	2020	75.95
2005	301.00	19.12.05	24819	75.00	18.01.05	900	188.00

Source: www.bseindia.com

BOMBAY STOCK EXCHANGE LIMITED:

Month	High (Rs.)	Date of High	Volume on date of high	Low (Rs.)	Date of Low	Volume on date of low	Total Volume for the month
August 2005	236.00	17.08.05	10980	194.50	3.08.05	19550	361787
September 2005	288.00	22.09.05	110359	203.00	9.09.05	8087	636270
October 2005	280.40	4.10.05	27905	210.00	31.10.05	5505	203623
November 2005	272.00	18.11.05	14588	221.75	1.11.05	5863	209974
December 2005	301.00	19.12.05	24819	246.45	1.12.05	8408	486713
January 2006	289.00	27.01.06	25160	259.00	2.01.06	7118	179260

Source: www.bseindia.com

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

During the financial year 2002-03, 46 complaints were received from the Shareholders, which were replied / resolved to the satisfaction of the Shareholders and no investor's complaint has remained unattended / pending. Further, during the financial year 2003-04, 40 complaints were received from the Shareholders, which were replied / resolved to the satisfaction of the Shareholders and there have been no complaints that have not been resolved to the satisfaction of the Shareholders. During the financial year 2004-05, total 4 complaints were received from the Shareholders, which were replied / resolved to the satisfaction of the Shareholders and there have been no complaints that have not been resolved to the satisfaction of the Shareholders.

The transfer and other related work is handled by Sharepro Services (India) Pvt. Ltd, Share Transfer Agents.

The Board of Directors of the Company assures that in respect of the complaints, if any to be received shall be adhered in the following schedules:

	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 15 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 15 days of receipt of information
3.	Any other complaint in relation to Letter of Offer	Within 15 days of receipt of complaint with all relevant details

The Company has appointed Mr Sanjay Upadhyay as Compliance Officer who would directly deal with SEBI officer with respect to implementation / compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The Investor may contact the Compliance Officer in case of any offer related problems. The Compliance officer would be available at the Corporate office of the Company.

All grievances relating to the Issue may be addressed to the Registrars to the Issue giving full details such as Folio No., Name and Address of the first applicant, Application Form Serial number, Amount paid on application and the Bank Branch where the application was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the renouncee should be furnished.

STATUS OF COMPLAINTS

Total No. of complaints received during the last financial year i.e. 31.03.2005 - 4

Total No. of complaints received up to 31.12.2005 - 6

Status of the complaints: Resolved

No. of Shareholders' complaints outstanding as of date i.e 15.02.2006 :NIL

Time normally taken for disposal of various types of investor grievances: 15 days

CHANGES IN AUDITORS IN THE LAST 3 YEARS

There has been no change in the Auditors during the last three years,

CAPITALISATION OF RESERVES OR PROFITS

The Company has not capitalized its reserves or profits during the past five years.

REVALUATION OF ASSETS, IF ANY

The Company has not revalued its assets in the last five years.

SECTION VIII: OFFERING INFORMATION

1 Terms of the Issue

The Equity Shares with detachable warrants being issued are subject to the terms of this LOO, the enclosed Composite Application Form, the Memorandum and Articles of Association of the Company, the approvals from the GoI and RBI and provisions of the Companies Act, 1956, any other legislative enactments and rules as may be applicable.

Authority for the Present Issue

The present issue of Equity Shares with Detachable Warrants is being made pursuant to the Board Resolution passed at the Board of Directors meeting held on 16th December, 2005.

Basis of the Issue

The Equity Shares with detachable warrants are being offered on Rights basis to all the existing Equity Shareholders whose names appear as beneficial owners as per the list furnished by the depositories (in respect of the Equity Shares held in the electronic form) and on the Register of Members of the Company (in respect of Equity Shares held in the physical form) at the close of business hours on the Record Date February 28, 2006 fixed in consultation with the BSE (the Designated Stock Exchange).

Rights Entitlement

As your name appears on the Register of Members of the Company as an Equity Shareholder on February 28, 2006, being the Record Date, you are being offered the Equity Shares with detachable Warrants as shown in Part A of the enclosed Composite Application Form.

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the company in the ratio of two Equity Shares for every four shares held with detachable Warrants in the ratio of one detachable Warrant for every Two Shares allotted under the Rights Issue as on the Record Date.

Fractional Entitlement

For the Equity Shares with detachable Warrants being offered on Rights Basis under this issue, if the shareholding of any of the Equity Shareholders is not in the multiples of four (4), then the fractional entitlement of such holders for Equity Shares with detachable Warrants shall be rounded off to the next higher integer, subject to a minimum entitlement of ONE Equity Share.

The Equity Shares needed for rounding off will be adjusted from the Promoters' entitlement.

For Equity shares being offered on Rights Basis, for every two Rights Equity Shares allotted will entitle the shareholder to one detachable warrant. If the entitlement for the Equity shareholder is less than two, then the fractional entitlement of such holders for Warrants will be rounded off to the next higher integer.

Market lot

The market lot for the Equity Shares in dematerialised mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the consolidated certificate, the Company will be returning the share certificates issued for the entire holding, duly split as desired by the Equity shareholders/ Warrant holder within a period of seven days, as and when such requests are received from the shareholders without charging anything to the shareholder. The Company for splitting the Consolidated Certificate would charge no fee. The market lot for the Warrant is 'ONE".

Arrangement for disposal of odd lot

Since the shares of the Company are tradable in compulsory demat segment, the minimum trading lot is one Equity Share. Since the Company has made arrangements for fractional entitlements to be converted into whole integers, the Company has not made any arrangements for disposal of odd lots.

For shareholders seeking allotment in physical form, one single consolidated certificate shall be issued against their entitlement unless otherwise desired by the shareholder(s). The Company shall split the shares and return the same to the shareholder, into lots as specified and specifically requested in writing by the shareholder (who holds physical certificates) within 7 days from the date of receipt of such request by the Company.

Shareholder Eligibility

Vide notification dated 18th June, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue rights/bonus Equity Shares to existing non-resident shareholders. OCBs vide A.P (DIR Series) Circular No. 44, dated December 8, 2003 shall be ineligible to apply / renounce in the issue. Further, any renunciations by Non-Resident(s) are also subject to the renouncer(s)/renouncee(s) obtaining the necessary approval of the RBI under the provisions of the Foreign Exchange Management Act, 1999, and other applicable laws and such permission should be attached with the CAF.

The shareholders of the Company would be entitled to apply for Equity Shares with detachable Warrants to the extent of their entitlement as detailed in Part A of the attached CAF. The shareholders can also apply for Equity Shares with detachable Warrants renounced in their favour by any other shareholder. Non Resident shareholders are allowed to apply for additional Equity Shares with detachable Warrants.

Investors are advised to ensure that any application from them does not exceed the investment limits or maximum number of Equity Shares with detachable Warrants that can be held by them under the relevant regulations or statutory guidelines.

Issue Price

As per clause 3.1.1 of the Guidelines, a listed company whose equity shares are listed on a Stock Exchange, may freely price its equity shares and any security convertible into equity at a later date, offered through a Public or Rights issue.

Each Equity Share shall have the face value of Rs.10/-. Each Equity Share is being offered at a price of Rs. 150/- each (including a premium of Rs 140/- per share). The conversion price of warrant is Rs. 250/- per Equity Share.

Terms of Payment and appropriation

The entire issue price i.e. Rs.150/- per Equity Share shall be payable on application.

Rights of the Equity Shareholders

1. Right to receive dividend, if declared.
2. Right to attend general meetings and exercise voting rights, unless prohibited by law.
3. Right to vote on a poll either personally or by proxy.
4. Right to receive offer for rights shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation.
6. Right of free transferability; and
7. Such other rights, as may be available to a shareholder of a Public Ltd. Company under the Companies Act, 1956.

CONVERSION OF WARRANTS

Entitlement

For every Two Equity Shares allotted under the Rights Issue, one detachable Warrant would be issued. This Warrant can be freely and separately traded. The Warrant holder will be entitled to exercise his right to apply for One Equity Share of Rs 10/- each at a premium of Rs 240/- each, for each Share payable in cash in full during the Warrant Exercise Period (" Warrant Exercise Price). A Record Date would be fixed by the Company during the 18th month from the Date of Allotment. All the warrant holders as on the Record Date would be entitled to exercise their right to convert the Warrants into Equity Shares which shall be a period not less than 30 days and within 45 days. A separate Warrant Exercise Application form would be sent to all the eligible Warrant Holders for converting the warrants into Equity Shares. The same can also be downloaded from the Company's website www.deepaknitrite.com during the Warrant Exercise Period. **The Warrants not exercised during the Warrant Exercise Period shall lapse.**

In the event the Company proposes to issue further securities under section 81(1) of the Act ("New Rights Issue") during the tenure of the Warrants, the right of the Warrant holder to apply for Equity Share, in terms of this Issue, may at the option of the Warrant holder, be accelerated, in other words the Warrant holder shall have an option exercisable at his discretion to apply for Equity Share at the Warrant Exercise Price during a period to be notified by the Company, which would be prior to the "New Rights Issue" and such Equity Shares issued shall also be entitled to the "New Rights Issue" . The Face Value of each Equity Share of the Company is Rs. 10/-. In the event of any sub-division or consolidation of the Face Value, the share entitlement on each Warrant shall be proportionately increased/decreased such that the aggregate nominal value of the entitlement remains the same as the nominal value of Equity Shares immediately prior to such subdivision or consolidation e.g. in case the Equity Share of the Face Value of Rs. 10/- each is sub- divided into two Equity Shares of Rs. 5/- each, then upon exercise of each Warrant by making payment of Warrant Exercise Price, the Warrant holder would have the right to subscribe to two Equity Shares of Rs. 5/- each.

Warrant Exercise Period

A Record Date would be fixed by the Company during the 18th month from the Date of Allotment. All the warrant holders as on the Record Date would be entitled to exercise their right to convert the Warrants into Equity Shares which shall be a period not less than 30 days and within 45 days. A separate Warrant Exercise Application form would be sent to all the eligible Warrant Holders for converting the warrants into Equity Shares. **Further the Warrants not exercised during the Warrant Exercise Period shall lapse.**

In the event the Company proposes to issue further securities under section 81(1) of the Act (" New Rights Issue") during the tenure of the Warrants, the right of the warrant holder to apply for Equity Share, in terms of this Issue, may at the option of the Warrant holder, be accelerated, in other words the Warrant holder shall have an option exercisable at his discretion to apply for Equity Share at the Warrant Exercise Price during a period notified by the Company, which would be prior to the 'New Rights Issue" and such Equity Shares issued shall also be entitled to the "New Rights Issue"'.

Warrant in respect of which option to apply for Equity Share is not accelerated in the event of New Rights Issue, shall continue to be valid till the Warrant Exercise Period. In the event the Company proposes to issue Bonus Shares during the tenure of the Warrants, the right of the Warrant holder to apply for Equity Share, in terms of this Issue, may at the option of the Warrant Holder, be accelerated, in other words, the Warrant Holder shall have an option exercisable at his discretion to apply for Equity Share at the Warrant Exercise Price during a period notified by the Company, which would be prior to the Issue of Bonus Shares and such equity shares issued shall also be entitled to the Bonus Shares.

Warrant Exercise Price/ Conversion Price

Each Warrant allotted under the Right Issue would be converted into one equity share of Rs 10 each at a premium of Rs 240 per share the conversion price.

Procedure for Exercise of Warrants being issued with Equity Shares under this Issue

The exact procedure for application for issue of Equity Shares on exercise of the Warrant will be communicated to the Warrant holder atleast 45 days prior to the Exercise Period.

Application for issue of Equity Shares should be made on the prescribed Warrant Exercise Application Form. This application form would be sent to all the Warrant holders separately. The same would also be available on request with Registrar and can also be downloaded from the Company's website www.deepaknitrite.com during the Warrant Exercise Period.

In case of Warrants held in Physical Mode:

During the Warrant Exercise Period(s) the Warrant holder should send his application for issue of Equity Shares to the Bankers to the issue/Registrar by filling up the requisite particulars in the Application form. It should be accompanied by a cheque / demand draft favouring **"DEEPAK NITRITE LTD – Warrant A/c"** payable at Mumbai for the requisite amount along with the Warrant Certificate which should reach the Registrar before the end of the Warrant Exercise Period.

In case of Warrants held in Demat Form:

During the Warrant Exercise Period, the Warrant holder should send his application for issue of Equity Shares to Bankers to the issue/ Registrar of the Company Sharepro Services (India) Pvt. Ltd.,by filling up the said application form. It should be accompanied by cheque/demand draft favouring "**DEEPAK NITRITE LTD - Warrant A/c"** payable at Mumbai for the requisite amount. Warrant holders should concurrently transfer their dematted holding to the Escrow Account to be opened by the Company by marking this as an off market transaction. Details of the Escrow Account would be mentioned on the Warrant Exercise Application Form, to be provided by the Company subsequently.

In case the Warrants along with the cheque/demand draft towards full payment of the Conversion Price do not reach the Registrar by the end of Warrant Exercise Period, the same shall lapse.

MODIFICATION TO THE TERMS OF THE WARRANTS

ANY MODIFICATION TO THE TERMS OF ISSUE AND EXERCISE OF THE WARRANTS WOULD BE CARRIED OUT ONLY WITH THE PRIOR APPROVAL OF THE WARRANT HOLDERS. THIS WOULD BE DONE BY CONVENING THEIR SPECIAL CLASS MEETING IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANIES ACT, 1956 AND TAKING THEIR APPROVAL BY A SIMPLE MAJORITY TO THE TERMS OF MODIFICATION SOUGHT, FROM THE WARRANT HOLDERS PRESENT AND VOTING.

Rights of Warrant holders

a. The Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of equity Shares of the Company.

b. The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of the Company or Annual Report of the Company and or to attend/vote at any of the General Meetings of the Shareholders of the Company.

c. Save and except the right of subscription to the Company's equity Shares as per the terms of the Issue, the holders of the Warrants in their capacity as Warrant holders shall have no other rights or privileges.

d. The Warrant holders inter-se, shall rank pari passu without any preference or priority of one over the other or others.

A separate register of warrants would be maintained by the Company.

General Instructions

The Warrant Holders can also contact the Compliance Officer or the Registrar for the conversion date.

All applications by and allotments to Non-Resident applicants will be governed by the FEMA or such other statute, if any, that may be in force at the time of the exercise of warrants.

Where payment is made by drafts purchased from NRE/FCNR/NRO account as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account should be enclosed with the warrant application form and DD. In absence of the above, the application shall be considered incomplete and is liable to be rejected.

Allotment/credit of shares will be in the same order of holders as present in the Register of Warrant Holders. Hence, warrant holders must ensure that the name or order of names given in the application form is exactly the same as the name or order of names in which the physical certificate is held. In case, the Application Form is submitted in single or joint names, investors should ensure that the Depository Account is also held in the same single or joint names and are in the same sequence in which they appear in the Application Form.

Caution:

a. Each Warrant application form should be accompanied by a single instrument for payment. Clubbing of folios/securities for the purpose of making a consolidated payment is not permitted.

b. Cheques/DD should be payable at Mumbai for the full amount and upcountry instructions/ payments for less amounts will be rejected.

c. Investors are advised not to close or transfer their demat account between the period of application for exercise of warrant(s) till the time of allotment/receipt of credit in their account so as to avoid rejection of credit from the Depositories and resultant delay in receiving the intimation of allotment.

d. In case of standing instructions issued by the investor to the depository participants for not accepting any credit in their beneficiary account, without prior authorisation, these instructions should be removed for receiving direct credit of the Ordinary Shares under ISIN INE288B01011.

Your attention is specifically drawn to the provisions of sub-section(1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"**Any person who:**

a. makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years"

Ranking of Equity Shares

The Equity Shares being issued in the Rights Issue and those arising from the conversion of Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company including dividends. Except, that the shares arising from conversion of Warrants shall be eligible for dividends only after conversion and full payment of the conversion price. Company undertakes that at any given time there shall be only one denomination for the Equity Shares respectively of the Company issued under this Rights Issue and that it will comply with such disclosure and accounting norms as specified by SEBI from time to time.

Acceptance of Offer

You may accept this offer either in full or in part. Please fill up Part A of the CAF for the number of Equity Shares with detachable Warrants you would like to subscribe and submit the same together with the application money in the prescribed manner to the Bankers to the Issue mentioned on the reverse of the CAF or to the Registrars to the Issue, as the case may be, before the close of banking hours on April 19, 2006.

Additional Equity Shares

You are eligible to apply for additional shares provided you have applied for all the equity shares offered to you without renouncing them in full or in part.

The application for additional equity shares shall be considered and allotment shall be made at the sole discretion of the Board and in consultation, if necessary, with the designated stock exchange. This allotment of additional equity shares will be made on an equitable basis with reference to number of shares held by you on the record date.

*** Renouncees can apply for additional shares.**

Renunciation

As an Equity Shareholder, you have the right to renounce your entitlement of Equity Shares in full or in part in favour of one or more person(s).

Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favour of:

(i) more than three persons including joint holders;

(ii) any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust Laws and is authorised under its Constitution to hold Equity Shares of a Company);

(iii) Partnership firm(s) or their nominee(s);

(iv) Minors unless legal or natural guardian apply on its behalf.

(v) Hindu Undivided Families (HUFs)

Further, any renunciations by Non-Resident(s) to a resident or by a resident to non resident or by non resident to a non resident are also subject to the renouncer(s)/renouncee(s) obtaining the necessary approval of the RBI under the provisions of the Foreign Exchange Management Act, 1999, and other applicable laws and such permission should be attached with the CAF.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (OCBs) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Accordingly, the existing Equity Sharesholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

Note: The renouncee cannot further renounce his entitlement.

Procedure for Renunciation

(a) To renounce the whole offer

If you wish to renounce this offer indicated in Part A, in whole, please complete Part B of the Composite Application Form. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

(b) To renounce in part

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms. For this purpose you shall have to apply to the Registrar to the Issue. Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on April 19, 2006. On receipt of the required number of split forms from the Registrar to the Issue, the procedure as mentioned in para (a) above shall have to be followed.

In case the signature of the shareholder(s) who has renounced the Rights Equity Shares with detachable Warrants, does not match with the specimen registered with the Company, the application will be rejected.

(c) Renouncee(s)

The person in whose favour the Shares are renounced should fill in and sign Part C and submit the entire CAF to the Bankers to the Issue on or before April 19, 2006 along with the application money.

(d) Change and/or Introduction of additional holders

If you wish to apply for Equity Shares with detachable Warrants jointly with any other person or persons, not more than three, who is/are not already joint holders with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed.

Splitting of Composite Application Forms

Request for split forms should be sent to the Registrars to the Issue, namely Sharepro Services (India) Pvt. Ltd before the closure of business hours on or before April 4, 2006 by filling in Part D of the CAF along with entire CAF. Split Forms cannot be re-split. The Renouncee(s) shall not be entitled to split form (s). Split forms shall be sent to the applicant by post at applicant's risk.

Only the person or persons to whom Equity Shares have been offered shall be entitled to obtain split forms. **Renouncees shall not be entitled to obtain split forms.**

Please note that:

(i) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.

(ii) Request for split forms, one for each of the renouncee(s) and one for the renouncer, should be made for all the Equity Shares with detachable Warrants applied for.

(iii) Only the person to whom this Letter of Offer has been addressed shall be entitled to apply for split forms. Forms once split cannot be split again.

(iv) Renouncee(s) cannot apply for split forms.

(v) Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

HOW TO APPLY

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the INSTRUCTIONS indicated in the CAF before submitting it to the Bankers to the Issue or the Registrars to the Issue. Different parts of the CAF should not be detached under any circumstance. Detailed instructions as to how to apply have been given in the CAF.

You may exercise any of the following options with regard to the Equity Shares/offered to you, using the enclosed CAF:

Options available	Action required
1 Accept entitlement to all Equity Shares offered to you.	Fill in and sign 'Part A' of the CAF
2. Accept entitlement in full and apply for additional number of Equity Shares with detachable Warrants.	Fill in and sign 'Part A' of the CAF after indicating in Block IV the number of additional Equity Shares with detachable Warrants applied for.
3. Accept entitlement in part without renouncing the balance.	Fill in and sign 'Part A' of the CAF, after indicating in column No.III the number of Equity Shares with detachable Warrants accepted.
4. Renounce the entitlement in full to one person (renouncee) (joint renouncees are considered as one renouncee) (joint renouncees cannot exceed more than three) without applying for Equity Shares with detachable Warrants.	Fill in and sign 'Part B' of the CAF indicating the number of Equity Shares with detachable Warrants renounced and hand over the entire CAF to the renouncee. The renouncee must fill in and sign 'Part C" of the CAF.

Options available	Action required
5. Accept entitlement in part and then renounce the balance to one or more renouncees or renounce the entire entitlement in favour of more than one renouncee	Fill in and sign 'Part D' of the CAF for split forms after indicating the required number of split forms and send the entire CAF to the Registrars so as to reach them on or before the last date for receiving requests for split forms indicated in the CAF. On receipt of the split forms take action as indicated below: i) For the Equity Shares with detachable Warrants, if any, which you want to accept, fill in and sign 'Part A' of one Split CAF. ii) For the Equity Shares with detachable Warrants you want to renounce, fill in and sign 'Part B' in the required number of CAFs indicating the number of Equity Shares with detachable Warrants renounced to each renouncee. iii) Each renouncee should then fill in and sign 'Part C' of the respective split CAF for the Equity Shares with detachable Warrants accepted by each renouncee.
6. Introduce a joint holder or change the sequence	This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in and sign Part C.

MODE OF PAYMENT

For Resident Shareholders

Only one mode of payment per application should be used. Payment should be made in cash/or by cheque/demand draft drawn on any bank (including a co-operative bank), which is situated at and is a member or sub-member of the banker's clearing house located at the centre where application is accepted. A separate cheque/draft must accompany each application form. Outstation cheques/drafts will not be accepted and application(s) accompanied by such cheques/drafts will be rejected. The Registrar to the Issue will not accept cash along with the CAF.

All cheques/ drafts accompanying the CAF should be drawn in favour of the Bankers to the Issue (specified on the reverse of the CAF), crossed "A/C Payee only" and marked "**DEEPAK NITRITE LTD - RIGHTS ISSUE**". No separate receipt will be issued for application money received.

The Banker to the Issue/Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF. Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft (Net of Demand Draft and Postal charges) drawn in favour of **"DEEPAK NITRITE LTD- RIGHTS ISSUE"** and marked "A/c payee only" payable at Mumbai, directly to the Registrar to the Issue by REGISTERED POST so as to reach them on or before the closure of the Issue. The Company or the Registrar to the Issue will not be responsible for postal delays, if any.

Application by Non-Resident Shareholders

As regards the application by Non-Resident shareholders, the further conditions as given below shall apply. As per notification No. FEMA 20/2000-RB dated May 3, 2000 of the RBI, the RBI has given general permission to Indian companies to issue Rights/Bonus shares to non-resident Indians. Hence the Company does not need an in-principle permission from RBI for Issue of shares to Non- Resident Indians, on a repatriable basis, up to their entitlement.

Payment by NRIs/FIIs must be made by demand draft (Net of Demand Draft and Postal charges) /cheque payable at Mumbai in any of the following ways:

Application with repatriation benefits

(i) By Indian Rupee draft purchased abroad and payable at Mumbai; OR

(ii) By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; OR

(iii) Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;

(iv) FIIs registered with SEBI must remit funds from special Non-Resident Rupee deposit account.

Application without repatriation benefits

As far as NRIs holding shares on non-repatriation basis is concerned, in addition to the ways specified above, payment may also be made by way of cheque drawn on Non - Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by NRIs/FIIs should be drawn in favour of **"DEEPAK NITRITE LTD - RIGHTS ISSUE-NRI"** payable at Mumbai and must be crossed "A/c Payee only" for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAF before the close of banking hours on the April 19, 2006, the issue closing date. A separate cheque or bank draft must accompany each application form.

Applicants may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and will be liable to be rejected.

Note: In case where repatriation benefit is available, dividend and sales proceeds derived from the investment in shares can be remitted outside India, subject to tax, as applicable according to Income-tax Act, 1961.

In case shares are allotted on non-repatriation basis, the dividend/sale proceeds of the Equity Shares cannot be remitted outside India.

In case of applications received from Non-Residents, refunds and other distribution, if any, will be made in accordance with the guidelines/rules prescribed by RBI as applicable at the time of making such remittance and subject to necessary approvals.

Procedure for Application

Please read the instructions printed overleaf on the enclosed CAF carefully.

Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest payable at par at all the places within the time specified . The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/husband's name, Bank Account Details must be filled in block letters.

The CAF together with cheque/demand draft should be sent to the Banker to the Issue or to the Registrar to the Issue and **not** to the Company or the Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Banker to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft (Net of Demand Draft and Postal charges) payable at Mumbai and send their application forms to the Registrar to the Issue BY REGISTERED POST. If any portion(s) of the CAF is/are detached or separated, such application is liable to be rejected.

The payment against the application should not be effected in cash if the amount to be paid is Rs 20,000/- or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the bankers to the Issue.

PAN or Form 60 (form of declaration to be filled by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B) or Form 61(form of declaration to be filled by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transaction specified in Rule 114B), as may be applicable duly filled, along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity card issued by any institution (e) Copy of electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. Please note that the Form 60 and Form 61 have been amended vide a notification dated December 1, 2004 issued by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. Please provide details of the Income Tax Circle/ Ward/District where the application is for Equity Shares of a total value of Rs.50,000 or more for the applicant and for each applicant in case of joint names. The applicants are specifically requested not to submit the GIR number instead of the PAN number as their application is liable to be rejected.**Application forms without this information will be considered incomplete and will be liable to be rejected.**Thumb impressions and signatures other than in English, Hindi, Marathi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal.

In case of an application under Power of Attorney or by a Body Corporate or by a Society, a certified true copy of the relevant Power of Attorney or relevant resolution or authority to make investment and sign the application along with the copy of the Memorandum & Articles of Association and/or bye laws must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF within 7 days of closure of the Issue. In case the above referred documents are already registered with the Company, the same need not be furnished again; however, the serial number of registration or reference of the letter, vide which these papers were lodged with the Company must be mentioned just below the signature(s) on the application. In no case should these papers be attached to the application submitted to the Banker to the Issue.

Application by Mutual funds: A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the Board and that such application shall not be treated as multiple applications. The applications made by the AMCs or Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made.

The shareholders must sign the CAF as per the specimen signatures recorded with the Company.

In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three.

In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

Application(s) received from Non-Residents, or persons of Indian origin residing abroad for allotment of Equity Shares shall, interalia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, dividend, export of share certificates, etc. In case a Non-Resident shareholder has specific approval from the RBI, in connection with his/ her shareholding, the person should enclose a copy of such approval with the CAF.

All communication in connection with application for the Equity Shares, including any change in address of the shareholders should be addressed to the Registrar to the Issue quoting the name of the first/sole applicant shareholder, folio numbers and CAF number.

Nomination Facility

The applicant may indicate the name of the nominee in the CAF, in respect of the Equity Shares with detachable Warrants that may be allocated to him or for the existing shares. As per Section 109A of the Companies Act, a holder of shares may, at any time, nominate, in the prescribed manner, a person to whom his Equity Shares with detachable Warrants in the Company shall vest, in the event of his death.

Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has/have already registered the nomination with the Company, no further nomination need to be made for Equity Shares to be allotted in the Issue under the same folio.

In case the allotment of Equity Share(s) is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Issue. Nominations registered with respective DP of the applicant would prevail. If such applicants require to change the nomination, they are requested to inform their respective DP.

Application on Plain Paper

Where a shareholder has neither received the original CAF nor he/she is in a position to obtain duplicate form, he/she may send his/her application on a plain paper to the Registrar to the Issue by registered post. Such application should contain necessary particulars like the name, address, ratio of Rights Issue, Issue price, number of shares held, folio number, number of Equity Shares with detachable Warrants entitled and applied for, additional Equity Shares with detachable Warrants applied for, if any, amount paid with application, particulars of cheque, particulars of the applicant's bank account to be provided for printing on the refund orders etc.

In case where the total value of application is for Equity Shares of a total value of Rs. 50,000/- or more, details of Income Tax Circle/Ward/District for the applicant and for each applicant in case of joint names. PAN or Form 60 or Form 61 as may be applicable duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity card issued by any institution (e) Copy of electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. The applicants are specifically requested not to submit the GIR number instead of the PAN number as their application is liable to be rejected.

The cheque(s)/ demand draft(s) accompanied with such applications should be payable at par at Mumbai. The applications received through the registered post shall be dealt with by the Registrar to the Issue in the normal course. No such plain paper application will be entertained if it is received after the closure of the issue.

Attention of the shareholders is drawn to the fact that shareholders making applications otherwise than on the Composite Application Form shall not be entitled to renounce their rights and should not utilise the standard form for any purpose including renunciation even if it is received subsequently. If the shareholder, making application on plain paper, violates any of these requirements he shall face the risk of rejection of both the applications remitted along with the application forms.

Last date for Application

The last date for submission of CAF is April 19, 2006.

The Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the issue opens.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose off the Equity Shares with detachable Warrants hereby offered, as provided under the heading "Basis of Allotment".

General instructions for applicants

a) Please read the instructions printed on the enclosed CAF carefully.

b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and without deduction of bank commission and other charges. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father's / husband's name must be filled in block letters.

c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar and not to the Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft (Net of Demand Draft and Postal charges) payable at Mumbai and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

d) Applications for a total value of Rs. 50,000/- or more, i.e. where the total number of securities applied for multiplied by the Offer price, is Rs. 50,000/- or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her permanent account number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication') along with the application for the purpose of verification of the number. Applicants who do not have are required to provide a declaration in Form 60 / Form 61 prescribed under the I.T. Act along with the application. **CAF without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected.**

e) Applicants are advised to provide information as to their savings/current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to print the said details in the Refund Orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000/- or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

g) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

h) In case of an application under Power of Attorney or by a body corporate or by a society, a certified true copy of the relevant Power of Attorney or relevant resolution or authority to make investment and sign the application along with a copy of the Memorandum & Articles of Association and / or bye laws must be lodged with the Registrar to the Offer giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closure Date, then the application is liable to be rejected.

i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent offer and allotment of Equity Shares, interest, export of Equity Share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Offer quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in dematerialised form.

l) Split forms cannot be re-split.

m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

n) Applicants must write their CAF number at the back of the cheque / demand draft.

o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)

q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN photocopy/ PAN Communication/ Form 60/ Form 61 declaration not given if Application is for Rs 50,000/- or more;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;

- Applications by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;

Option to Investors to apply for Equity Shares and the detachable Warrants in dematerialised form

Applicants have the option to receive the Equity Shares and the detachable Warrants of the Company in the electronic form under the depository system. The Company has entered into a tripartite agreement with the Registrar to the Issue and CDSL and NSDL dated 23rd March 2000 and 6th April 2000 respectively, for dematerialisation of the securities being offered through this Rights Issue, to enable an investor to receive and trade in securities in dematerialized (electronic/demat) form, instead of holding Equity Shares and the detachable Warrants being issued in the form of physical certificates.

In this Rights Issue, an option is being provided to the shareholders to receive their Rights Equity Shares and the detachable Warrant in the form of an electronic credit to their beneficiary account with a depository participant instead of receiving these Equity Shares and the detachable Warrant in the form of physical certificates. Investor can opt for this facility by filling up the relevant particulars in the CAF.

Applicants may note that they have the option to subscribe to the rights Equity Shares and the detachable Warrants in demat or physical form, or partly in demat and physical form, in the same application in the space provided for the purpose. Separate applications for demat and physical are NOT to be made. If such applications are made, the applications for physical shares will be treated as multiple application and rejected accordingly. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

Investors may please note that the Equity Shares and the detachable Warrants of the Company can be traded on the Stock Exchange only in demat form.

Procedure for opting for this facility for allotment of Equity Shares and the detachable Warrants arising out of this Issue in electronic form is as under:

Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In case of joint holding, the Beneficiary Account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the investors will have to open separate accounts for such holdings. This step need not be adhered to by those shareholders who have already opened such Beneficiary Account(s).

For shareholders holding shares in dematerialised form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares and the detachable Warrants by way of credit to such account the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Equity Shares and the detachable Warrants arising out of this Issue can be received in a dematerialised form even if the original Equity Shares of the Company are not dematerialised.

Nonetheless, it should be ensured that the Depository Account is in the name(s) of the shareholders and the names are in the same order as in the records of the Company.

Responsibility for correctness of applicant's age and other details given in the CAF vis-à-vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.

If incomplete/incorrect Beneficiary Account details are given in the CAF or where the investor does not opt to receive the Rights Equity Shares and the detachable Warrants in dematerialised form, the Company will issue Equity Shares and the detachable Warrants in the form of physical certificate(s).

The Rights Equity Shares and the detachable Warrants allotted to investors opting for dematerialised form, would be directly credited to the Beneficiary Account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the confirmation of the credit of the Rights Equity Shares and the detachable Warrants to the applicant's Depository Account will be provided to the applicant by the applicant's Depository Participant.

Renouncees can also exercise this option to receive Equity Shares and the detachable Warrants in the dematerialised form by indicating in the relevant block and providing the necessary details about their Beneficiary Account.

Basis of Allotment for Equity Shares

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares with detachable warrants in the following order of priority:

(a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares with Detachable Warrants renounced in their favour, in full or in part.

(b) Allotment to the Equity Shareholders who having applied for all the Equity Shares with Detachable warrants offered to them as part of the Issue and have also applied for additional Equity Shares with Detachable Warrants. The allotment of such additional Equity Shares with Detachable Warrants will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full allotment in (a) above and in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(c) Allotment to the renouncees who having applied for the Equity Shares with detachable warrants renounced in their favour have also applied for additional Equity Shares, provided there is an unsubscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis and in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(d) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is a surplus available after making full allotment under (a), (b), and (c) above,

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c) and (d) above. The Promoter and the promoter group intend to subscribe to unsubscribed portion if the Issue does not have subscription to the extent of 90% of the Issue size, after considering the above allotment, to ensure that the Issue is successful.

This acquisition of additional Equity Shares, if allotted to the Promoter shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of regulation 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1)(b) of the Takeover Code. Further this acquisition will not result in change of control of management of the Company.

After such allotments as above and to the Promoters and the promoter group, including the application for rights/renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the Board or committee of the Board authorised in this behalf by the Board of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of the Board of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Underwriting

The present Issue is not underwritten.

Disposal of Application and Application Money

No separate receipt will be issued for the application money received. However, the Banker to the Issue/Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case, without assigning any reason.

In case an application is rejected in full, the whole of the application money received will be refunded within the time specified without interest payable at par at all places. . Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares with detachable Warrants allotted, will be refunded without interest and after deduction of bank charges to the applicant within six weeks from the close of the Issue.

Allotment and Refund Orders

The company shall ensure dispatch of refund orders by following mode:

a) Share certificate / letter of allotment or letter of regret together with refund order exceeding Rs 1,500, if any, will be dispatched by registered post at the sole/first named applicant's address within 6 weeks from the date of the closing of the Issue.

b) Refund orders up to Rs 1,500 will be despatched under certificate of posting. Adequate funds will be made available to the Registrar for this purpose.

If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Act.

In case of those shareholders who have opted to receive their Equity Shares with detachable Warrants in dematerialised form through electronic credit under the depository system, an advice regarding the credit will be sent separately.

Refunds will be made by cheques or pay orders drawn on the bank(s) appointed by the Company as refund bankers. Such instruments will be payable at par at the places where applications were accepted and will be marked account payee and will be drawn in the name of Sole/First Applicant. Bank charges, if any, for encashing such cheques or pay orders will be borne by the applicants.

In case the Company issues Letters of Allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

For non-resident applicants, refunds, if any, will be made as under:

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian rupees to be refunded. Indian rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and the Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatory and are to be provided for printing on the refund orders. Bank account particulars will be printed on the refund orders which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Interest in Case of Delay in Despatch of Allotment Advice/ Refund Orders

(i) The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants within 6 weeks from the date of the closure of the Issue.

Despatch of Allotment Advice/ Share Certificates/ Refund Orders

Share Certificates for the Equity Shares with detachable Warrants or Letters of Regret, as the case may be, together with Refund Orders if any, will be despatched within 6 weeks from the date of closure of the issue. The Company shall ensure despatch of the refund orders of value up to Rs. 1500 under Certificate of Posting and those over Rs. 1500 and share certificates by Registered Post only. Adequate funds for the purpose will be available to the Registrars to the Issue for mailing the share certificates by Registered Post. Particulars of the applicant's Savings/Current Bank Account may be given in the space provided thereof in the application form so as to enable the Registrars to the Issue to print the same on the refund order, if any.

If Allotment is not made and /or Share certificate / letter of allotment or letter of regret together with refund order are not despatched within 8 days from the day the Company becomes liable to pay it, the Company shall, as stipulated under sections 73(2)/73 (2A) of the Companies Act, 1956, pay that money with interest at the rate of 15% p.a.

As regards allotment/refund to Non-Residents, the following further conditions shall apply:

In case of NRIs, who remit their application monies from funds held in NRE/FCNR accounts, refunds and/or payment of dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of NRIs/Non Residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/or payment of dividend and any other disbursement, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of RBI, in case of NRIs/Non Residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/or payment of dividend and any other disbursements will be made net of bank charges/commission in U.S Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into U.S Dollars. The share certificates for the Equity Shares with detachable Warrants will be sent by registered post at the address of the NRI / non-resident applicant.

Undertakings by the Company

The Company has given undertakings that:

i. the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;

ii. the Company shall apply in advance for the listing of equities on the conversion of Warrants

iii. the Company shall take necessary steps for the purpose of getting the securities listed in the concerned Stock Exchange within the specified time;

the funds required for despatch of refund orders/allotment letters/certificates by Registered Post shall be made available to the Registrar to the Issue by the Company;

v. the despatch of share certificates/refund orders and demat credit shall be completed and allotment and listing documents will be submitted to the Stock Exchanges within the specified time limit.

vii. the certificates of the securities/refund orders to the Non-Residents shall be dispatched within specified time;

viii. no further issue of securities shall be made till the securities offered through this LOO are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue Proceeds

The Board of Directors declares that:

i. The funds received against this Issue will be transferred to a separate Bank Account other than the Bank Account referred to sub-section (3) of Section 73 of the Act.

ii. Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such moneys has been utilised.

iii. Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate Bank Account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Article 4. Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in each or in satisfaction of any outstanding debt or obligation of the Company.

Article 5. The Company in General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Article 6. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are or at the option of the Company are to be liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Article 8. On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof the following provisions shall take effect :–

(a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called the ''Capital Redemption Reserve Account'', a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up shares capital of the Company.

Article 9. The Company may (subject to the provisions of Section 78, 80, 100 to 105 inclusive of the Act) from time to time by Special Resolutions, reduce its capital and any Capital Redemption Reserve Account, or Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Article 10. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby shares are subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 11. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issue share of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class.

SHARES AND CERTIFICATES

Article 12. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or country.

Article 14. (a) Where at any time after expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation whichever is earlier it is

proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding subclause the Company may :–

(i) by a special resolution; or

(ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands, or on poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most Beneficial to the Company.

Offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

(c) Nothing in Clauses (a) and (b) of this Article shall apply to the increase of the subscribed capital caused by the exercise of an option attached to debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares in the Company provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf and in the case of debentures or loans other than those debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.

Article 15. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors think fit. Provided that the option or right to call in respect of shares shall not be given to any person except with the sanction of the Company in General Meeting.

Article 16. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meetings or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Article 17. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Member.

Article 19. Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Article 20. (a) Every Member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letters of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board for the purpose, and the two Directors or their Attorneys and the Secretary or other person shall sign the share certificates, provided that if the composition of the Board permits of it, at

least one of the aforesaid two Directors shall be a person other than a Managing or a wholetime Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such owners on behalf of all of them. For any further certiicate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee one. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithograph, but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Article 22. If any shares stands in the names of two or more persons, the person first named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be secured the sole holder thereof, but the joint holders of a share be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Article 23. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Article 24. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company have as provided by Section 77 of the Act.

UNDERWRITING AND BROKERAGE

Article 25. (a) Subject to the provisions of Section 76 of the Act the Compnay may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case, of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

(b) The Company may pay a reasonable sum of brokerage.

INTEREST OUT OF CAPITAL

Article 26. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provisions of plant.

CALLS

Article 27. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.

Article 28. Fourteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

Article 29. A call shall be deemed to have been made at the time when the resolution authorising such calls was passed at a meeting of the Board.

Article 30. A call may be revoked or postponed at the discretion of the Board.

Article 31. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Article 32. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to call or any of the Members who are resident at a distance or other cause.

*Article 33. If any Member fails to pay any call due from him on the day appointed for payment threrof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18 per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

(* At an Extraordinary General Meeting of the Company held on 24th November, 1990, Article

33 was altered as follows : ''In Article 33 the figure ''9'' shall be substituted by the figure ''18''.)

Article 34. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 35. Where after the commencement of the Act, any calls for future share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Article 36. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money ought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly given to the Member or his representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 37. If by the conditions of allotment of any share by whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be registered holder of the shares or his legal representative.

Article 38. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Article 39. (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his shares beyond the sums actually called up; and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate (not exceeding without the sanction of the Company in General Meeting 6 per cent per annum) as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months notice in writing. Provided that any amount paid up in advance of calls on any shares may carry interest, but shall not in respect thereof confer a right to dividends or to participate in profits.

(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

LIEN

Article 40. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the conditions that Article 21 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

Article 41. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Member to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period of aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member

or his representatives and default shall have been made by him or them in payment, fulfilment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Article 42. The net proceeds of any such sale shall be received by the Company and applied in or towards payments of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

FORFEITURE OF SHARES

Article 43. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

* Article 44. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding 18 per cent per annum as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid, and if payable to any person other than the Company the person to whom such payment is to be paid. The notice shall also state that, in the event of non-payment at or before the time in respect of which the call was made or instalment is payable, will be liable to be forfeited.

Article 45. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter become payment of all calls or instalments, interest and expense due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture.

Article 46. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Article 47. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder therof or to any other person, upon such terms and in such manner as the Board shall think fit.

* Article 48. Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 18 per cent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

(*At an Extraordinary General Meeting of the Company held on 24th November, 1990, Articles 44 and 48 were altered as follows: ''In Articles 44 and 48 the figure '9' shall be substituted by the figure '18'.'')

Article 49. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

Article 50. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in that Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Article 51. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 52. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Article 53. The Board may at any time before any share so forfeited shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Article 54. The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms as the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 55. The Company shall keep a ''Register of Transfers'' and therein shall be fairly and distinctly entered particulars or every transfer or transmission of any shares.

Article 56. Shares in the Company may be transferred by an instrument in writing in the usual common form or in such other form as shall from time to time be approved by the Directors provided that if so required by the provisions of the Act, such instrument of transfer shall be in the form prescribed and shall be duly stamped and delivered to the Company and within the prescribed period.

Article 57. The instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.

Article 58. The Board shall have power on giving not less than seven days' previous notice by advertisement in some news paper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Article 59. Subject to the provisions of Section 111 and 111A of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares, whether fullypaid or not, (notwithstanding that the proposed transferee be lalready a member), but in such cases it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer, provided that registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Article 60. Wherein the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee, in accordance with the provisions of Section 110 of the Act.

Article 61. In the case of the death of anyone or more of the persons names in the Register of Member as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Article 62. Subject to the provisions of Section 109A of the Act. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more jointholders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 65 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

(*Article 59 and 62 were altered as above by passing the necessary resolution at the 31st Annual General Meeting of the Company held on 21st September, 2002.)

* Article 62-A

(i) Every holder of share(s) in and/or debenture(s) of the Company, so entitled under the Act and Rules framed thereunder, may, at any time, nominate, in the manner prescribed under the Act, a person to whom his share(s) in and/or debenture(s) of the Company shall vest in the event of his death.

(ii) Where the share(s) in and/or debenture(s) of the Company are held by more than one person jointly, the joint-holder, so entitled under the Act and Rules framed thereunder, may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint-holder(s).

(iii) Notwithstanding anything contained in any other law for the time being in force or in these articles or in any disposition, whether testamentary or otherwise, in respect of the share(s) and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the act, purports to confer on any person the rights to vest the share(s) and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debentureholder concerned or on the death of all the jointholders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s), to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) and/or debenture(s) of the Company, in the event of his death, during the minority.

* Article 62-B

(i) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provision of Article 62-A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

  (a) to be registered himself as holder of the share(s) and/or debenture(s), as the case may be, or

  (b) to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debentureholder concerned as the case may be, could have made.

(ii) If the person being a nominee, so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s), as the case may be, he shall deliver or send to the Company, a notice in writing duly signed by him stating the nominee concerned, so elects and such notice shall be accompanied with the death certificate(s) of the deceased shareholder / debentureholder, as the case may be.

(iii) All the limitations, restrictions and provisions of these Articles, relating to the right to the transfer and the registration of transfer of share(s) and/or debenture(s), shall be applicable to any such notice or the transfer as aforesaid as if the death of the shareholder / debentureholder had not occurred and the notices or transfer were signed by that shareholders / debentureholder, as the case may be.

(iv) A person being a nominee, becoming entitled to the share(s) and/or debenture(s), by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) and/or debenture(s) be entitled in respect of it, to exercise, any right conferred by membership in relation to meeting of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s); and if the notice is not complied with, within ninety days, the Board may thereafter withhold payments of all dividends, bonuses or other moneys payable or rights accruing in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

(* New Articles 62-A and 62-B inserted by a special resolution unanimously passed at the 29th Annual General Meeting of the Company held on 29th July, 2000.)

Article 63. No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.

Article 64. If any member of the Company dies, and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any shares for standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller, or Assistant Controller of Estate duty that either the Estate Duty in respect thereof has been paid or will be paid or none is due as the case may be. Where the Company has come to know through any of its principal officers of the death of any member, it shall, within three months of the receipt of such knowledge, furnish to the Assistant Controller or the Deputy Controller of the Estate Duty who is exercising the functions of the Income-tax Officer under the Income-tax Act in relation to the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

Article 65. Subject to the provisions of the Act and Articles 58 and 59 any person becoming entitled to shares in consequences of the death, lunacy, backruptcy or insolvency of any member, or by any lawful means other than by a a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

Article 66. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, and dividends or other moneys payable in respect of the share.

Article 67. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party, such sum not exceeding Rupee one as the Board may require per share. The Board may, however, in its absolute discretion, wholly or partly waive payment of the fee aforesaid generally or in the specific case or cases, as it may deem fit.

Article 68. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice or persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Article 68-A

(1) – For the purpose of this Article :

'Beneficial Owner' means a person who opts to hold his securities with a Depository, and whose name is recorded as such with a Depository;

'SEBI' means the Securities and Exchange Board of India; 'Depository' Means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

(2) The Company shall be entitled to dematerialise its existing Shares, Debentures and other Securities, rematerialise its Shares, Debentures and other Securities held in the Depository and/or offer its fresh Shares and Debentures and other Securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

(3) Every person subscribing to the securities offered by the Company, and every Member or Debentureholder shall have the option to either hold the securities in the form of security certificates or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his Certificate of securities held in the Company in accordance with Section 6 of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996, the Company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised, cancelled and destroyed, such persons who hold their securities with a Depository can at any time opt out of the Depository, if so permitted by law, and the Company shall in such manner and within such time as may be prescribed by law, issue to such persons the requisite certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the Baneficial Owner of the security

(4) All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

(5) (a) Notwithstanding anything to the contrary contained in the Act or this Article, a Depository shall be deemded to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository

(6) Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be serviced by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(7) For the purpose of this Article, the Registers and indices of Members and Debentureholders shall be deemed to include the Registers and Indices of beneficial Owners maintained under the Depositories Act 1996 by every Depository in respect of securities issued by the company.

(*New Article 68-A inserted by Special Resolution unanimously passed at the 31st Annual General Meeting of the Company held on 21st September, 2002.)

MEETNGS OF MEMBERS

Article 80. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the forgoing provisions shall be taken as affecting the conferred upon the Registrar under the provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the notices calling the meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' Shareholdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet, and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Article 81. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date, carried the right of voting in regard to the matters in respect of which the requisition has been made.

Article 82. Any valid requisiton so made by the Members must state the object or objects of the meeting proposed to be called, and must, be signed by the reqisitionists and be deposited at the office, provided that such requisition may consists of several documents in like form each signed by one or more requisitionists.

Article 83. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represented either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of delivery of the requisition as aforesaid.

Article 84. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

Article 85. Twenty-one days' notice at the least for General Meeting Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of the meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company; provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as given right to vote at the meeting, a meeting may be convened by a shorter notice.

Article 86. The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

Article 87. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened

Article 88. Five Members present in person shall be a quorum for a General Meeting. A body corporate being a Member shall be deemed to be personally present, if it is represented in accordance with Section 187 of the Act.

Article 89. If, at the expiration of half an hour from the time appointed for holding a meeting, if convened by or upon the requisition of Member, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

* Article 95. The Chairman or in his absence the Vice-Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman or Vice-Chairman of the Board of Directors, or if at any one meeting he shall not be present or if one or either shall be unable or unwilling to take the chair then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.

(*Substituted – As unanimously, passed by Special Resolution at Company's 13th Annual General Meeting held on 24th March, 1984.)

Article 97. The Chairman with the consent of the Members may adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which adjournment took place.

** Article 98. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the voting on a show of hands) ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company, which confer a power to vote on the resolution in question, not being less than one-tenth of the total voting power in respect of such resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid-up and unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority or lost and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(** Article 98 has been substituted by special resolution unanimously passed at the 18th Annual General Meeting of the Company held on 2nd September, 1989.)

VOTES ON MEMBERS

Article 105. No Member shall be entitled to vote either personally or by proxy for another Member at any General Meeting or of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

Article 106. Subject to the provisions of these Articles, and without prejudice to any special privileges restrictions as to voting for the time beingattached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his Preference Shares.

Article 107.On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy, or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 108. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardians may, on poll vote by proxy; if any Member be a minor, thevote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

Article 109. If there be joint registered holders of any share, any one of such persons may vote at any meeting or may appoint any person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint-holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

Article 110. Subject to the provisions of the Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were in individual Member.

Article 111. Any person entitled under Articles 63 and 64 to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 112. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of himself. A proxy need not be a Member of the Company.

Article 113. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

Article 114. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for purposes of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meetings.

Article 115. No member present only by proxy shall be entitled to vote on a show of hands, unless such Member is a body corporate present by a proxy who is not himself a Member, in which case such proxy shall have a vote on the show of hands as if he were a member.

Article 116. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office of the Company not later than forty-eight hours before the time for holding the meeting at which the persons named in the instrument propose to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Article 117. Every Member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning twentyfour hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention so to inspect isgiven to the Company.

Article 118. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Article 119. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Article 120. A vote given in accordance with the term of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office of the Company before the meeting.

Article 121. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Article 122. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of validity of every vote tendered at such poll.

Article 123. (1) The Company shall cause Minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman within that period, by a Director duly authorized by the Board for the purpose.

(3) In no case the Minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) Minutes of such meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any meeting aforesaid shall be in the Minutes of the meeting.

(6) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the meeting : (a) is, or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

(7) Any such Minutes shall be evidence of the proceedings recorded therein.

(8) The book containing the Minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

(9) Any Member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of the Minutes on payment of 0.37 paise for every one hundred words or fractional part thereof required to be copied.

DIRECTORS

* Article 124. Until otherwise determined by the General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debenture, Nominee and Alternate Directors) shall not be less than three nor more than fifteen. The Board of Directors shall be entitled to re-appoint from time to time any Director or Directors and to fill in vacancies caused in the Board of Directors, either by death, resignation or otherwise of any such Director respectively appointed by them. Such appointment or removal shall be in writing to the Company.

(* At an Extraordinary General Meeting of the Company held on 24th November, 1990, Article 124 was altered as follows : ''In Article 124 the word ''twelve'' shall be substituted by the word ''fifteen''.'')

Article 125. If it is provided by any Trust Deed, securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any every such issue of debentures, the persons or person having such power may exercise such power from time to time and appoint a Director accordingly. Any Directors so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be subject to retirement by rotation.

Article 126. The Board may appoint an Alternate Director to act for a Diretor (hereinafter called the ''Original Director'') during his absence for a period of not less than three months from the State

in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which the meetings of the Board are ordinarily held. If the term of office of the Original Director is determined before he so returns to that State, any provision in the Act, or in these Articles for the automtic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Directors.

Article 127. (a) Subject to the provisions of Sections 260, 261, 264 and 284 (6), the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors

shall not at any time exceed the maximum fixed under Article 124. Any such additional Directors shall hold office only upto the date of the next Annual General Meeting.

(b) Subject to the provisions of Section 261, 262, 264 and 284 (6), the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill up a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

* Article 128. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI) , the industrial Credit and Investment Corporation of India Limited (ICICI), the Industrial Reconstruction Corporation of India Limited (IRCI), the Life Insurance Corporation of India (LIC), the Unit Trust of India (UTI), the General Insurance Corporation of India (GIC), the National Insurance Company Limited (NIC), the Oriental Fire and General Insurance Company Limited (OFGI), the New India Assurance Company Limited (NIA), the United India Insurance Company Limited (UI), or any State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as ''the Corporation'') out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, wholetime or nonwholetime, (which Director or Directors, is/are hereinafter referred to as ''Nominee Director/s'') on the Board of the Company and to remove from such office any person or persons so appointed and appoint any other person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from Office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management or other committee or committees, it shall, if so required by the Corporation, including the Nominee Director as a member of such management or other committee or committees. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said Office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction or the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee, of which Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The nominee Director/s shall be entitled to the same sitting fees, Commission, remuneration and expenses as are applicable to other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director/s directly, but the commission, remuneration or other moneys and fees to which the Nominee Director/s is/are entitled shall accrue and be due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.

Provided that if any such Nominee Director/s is an Officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation, if the Corporation so desires.

Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.

Provided also that in the event of the Nominee Director/s being appointed as wholetime Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a wholetime Director in the management of the affairs of the Company. Such wholetime Director/s shall be entitled to receive such remuneration, fees commission, and moneys as may be approved by the Corporation.

(* Substituted - As unanimously passed by a Special Resolution at Company's 13th Annual General Meeting held on 24th March, 1984.)

Article 129. A Director shall not be required to hold any a share qualification.

Article 130. (1) Subject to the provisions of the Act, a Managing Director or Director of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. (2) Subject to the provisions of the Act, a Director, who is neither in the wholetime, employment nor a Managing Director may be paid remuneration either :

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

(ii) by way of commission if the Company by a special resolution authorised such payment.

* Article 130. (3) The fee payable to a Director (including a Managing Director or Whole-time Director, if any) for attending a meeting of the Board or a Committee thereof shall be such sum as the Board may determine from time to time but not exceeding such sum as may be prescribed by the Central Government in that behalf.

(* Article 130 (3) has been substituted by special resolution unanimously passed at the 18th Annual General Meeting of the Company held on 2nd September, 1989.)

Article 131. The Board may allow and pay to the Director, who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending a meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Article 132. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by Article 124 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose.

Article 133. Subject to Sections 283(2) and 314 of the Act, the office of the Director shall become vacant if :

(a) he is found to be of unsound mind by a Court of competent jurisdiction; or

(b) he applies to be adjudicated an insolvent; or

(c) he is adjudged an insolvent; or

(d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(e) he is deemed to have vacated office under the provisions of Section 314 by any place of profit being held in contravention thereof; or

(f) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months whichever is longer, without leave of absence from the Board;

(g) he becomes disqualified by an order of the Court under section 203 of the Act; or

(h) he is removed in pursuance of Section 284; or

(i) he acts in contravention of Section 299 of the Act; or

(j) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or

(k) having been appointed a Director by virtue of his holding any office or other employment in the Company, or as a nominee of the managing Agents of the Company he ceases to hold such office or other employment in the Company, or as the case may be, the Managing Agency comes to an end; or

(l) He resigns his office by a notice in writing addressed to the Company; or

(m) person holding Directorship in twenty companies appointed Director in any other Company.

Article 134. (1) A Director or his relative, a firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services or for underwriting the subscription of any shares in, debentures of the Company, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered in accordance with Section 297 of the Act.

(2) No sanction however shall be necessary for: the sale of goods or materials to the Company by any such Director, relative, firm,partner or private company, as

(a) any purchase of goods and materials from the Company, or aforesaid, for cash at prevailing market prices; or

(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

PROVIDED that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may without the company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Article 135. A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in the other company. A general notice given to the Board by the Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Article 136. The Company shall keep a Register in accordance with Section 301 (1) and shall within the time specified in Section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporated firms of which notice has been given by him under the preceding Article. The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such office and extract may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

Article 137. A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such company.

Article 138. No Director or other persons mentioned in sub-section (1) (b) of Section 314 of the Act shall hold any office or place of profit under the Company or any subsidiary of the Company except in accordance with the provisions of that Section which shall be fully complied with in all respects.

Article 139. Subject to Section 258 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

** Article 140. No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him has not less than 14 days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office alongwith a deposit of Rs. 500/- which shall be refunded to such person or as the case may be to such Member if the person succeeds in getting elected as a Director.

(** Article 140 has been amended by special resolution unanimously passed at the 18th Annual General Meeting of the Company held on 2nd September, 1989.)

REMOVAL OF DIRECTORS

Article 146. (1) The Company may (subject to the provisions of Section 284 of the Act and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office.

(2) Special notice as provided by Article 85 or Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, a Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is Member of the Company) shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are received by it too late for it to do so (a) in the notice of the resolution given to Members of the Company state the fact of the representations having been made, and (b) send a copy of the representations to every Member of the Company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may without prejudice to his right to be heard orally require that the representations shall be read out at the meeting. Provided that copies of the representations need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 127 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (2) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled under sub-clause (5) hereof, it may be filled as a casual vacancy in accordance with the provisions, insofar as they are applicable, of Article 127 or Section 262 of the Act, and all the provisions of the said Act in all respects.

(7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(8) Nothing contained in this Article shall be taken :

(a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or

(b) as derogating from any power to remove a Director which may exist apart from this Article.

Article 147. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Managing Agents, Managers, Secretaries and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Act in all respects.

(b) The Company shall in respect of each of its Directors also keep at the office a Register as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

Article 148. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

MANAGING DIRECTORS

Article 149. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of it its number as Managing Director or Managing Directors of the Company upon such terms and conditions as the Board thinks fit, and subject to the provisions of Article 151 the Board may by resolution vest in such Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine, provided, however, that no person shall be appointed as the Managing Director or a wholetime Director in the employment of the Company or an Executive

Director or a part-time Director unless an affirmative vote and resolution for such appointment is cast by Mr. Chimanlal Khimchand Mehta. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

Article 150. The Managing Director appointed under Section 2 (26) of the Companies Act shall be entrusted with substantial powers of management.

Article 151. The Managing Director or Managing Directors shall not exercise the powers to :

(a) make call on shareholders in respect of money unpaid on their shares in the Company.

(b) issue debentures; and, except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to :

(c) borrow moneys, otherwise than on debentures;

(d) invest the funds of the Company; and

(e) make loans.

Article 152. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or wholetime Director who :

(a) is an undischarged insolvent or has at any time been adjudged an insolvent;

(b) suspends, or has at any time suspended, payment to his creditors, or makes or has at any time made, a composition with them; or

(c) is, or has at any time been convicted by a Court of an offence involving moral turpitude.

Article 153. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation nor shall he be required to hold any qualification shares. If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

Article 154. Subject to provisions contained in Article 149 the Company shall also have powers to appoint a joint Managing Director who shall enjoy such powers as are delegated to him by the Board of Directors.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Article 155. The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and atleast four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate the meetings as they think fit.

Article 156. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

Article 157. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, those places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher, provided that if at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are interested, present at the meeting being not less than two, shall be the quorum during such time.

Article 158. If a meeting of the Board could not be held for want of a quorum, then, the meeting shall automatically stand adjourned to such other date and time as may be fixed by the Chairman (if any) not being later than seven days from the date originally fixed for the meeting.

Article 159. The Secretary shall, as and when directed by the Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.

Article 169. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :

(1) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act.

(2) Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms

and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(3) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or service rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(4) To secure fulfilment of any contracts or engagementsentered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(5) To accept from any Member as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(6) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(7) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts, dues, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.

(8) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(9) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(10) Subject to the provisions of Sections 292, 293 (1) (c), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provied in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(11) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or security, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(12) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(13) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.

(14) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings, or chawls, or by grants of money pension, gratuities, allowances, bonus or other payments; or by creating, and from time to time subscribing or contributing to provident and other associations, institutions funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation hospitals and dispensaries, medical and other attendances and other assistance as the Board shall think fit, and subject to Section 293 (1) (e) to subscribe or contribute or otherwise assist or guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason or locality of operation, or of public and general utility or otherwise.

(15) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, as a Reserve Fund or Sinking Fund or any Special Fund to meet contigencies or to pay debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clauses), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested and dispose of and apply and expend all or part thereof for the benefit of the Company,

in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine per cent per annum.

(16) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their power and duties, and fix their salaries, or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(17) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.

(18) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be Members of such Local Boards, and to fix their remuneration.

(19) Subject to Section 292 of the Act, from time to time, and at any time, to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and to authorise the Members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(20) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for periods and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit), be made in favour of Members or any of the Members of any Local Board, established aforesaid or in favour of any Company, or the shareholders, directors nominees or managers of any company or firm or otherwise in favour of any fluctuating body of person whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or conveniences of persons dealing with such Attorneys as the Board may think fit, and may contain powers, enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(21) Subject to Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. And generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating body of persons as aforesaid.

(22) From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company; its officers and servants.

THE SEAL

* Article 174. Every deed or other instrument, to which the seal of the Company is required to be fixed, shall unless the same is executed by a duly constituted Attorney, be signed by any Two Directors of the Company OR any One Director of the Company and the Company Secretary or some other person appointed by the Board for the purpose, provided that in respect of the share certificate the seal shall be affixed in accordance with Article 20 (a).

(*Article 174 has been substituted by deleting existing Article 174 pursuant to the Special Resolution unanimously passed at the 31st Annual General Meeting of the Company held on 21st September, 2002.)

Article 175. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up on the shares held by them respectively.

Article 177. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that :

(a) if the Company has not provided for depreciation for any previous financial year or years it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years.

(b) if the Company has incurred any loss in any previous financial year or years the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section 2 of Section 205 of the Act or against both.

Article 178. The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.

Article 179.Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profis or dividends.

Article 180. The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a large amount is paid up or credited as paid up on some shares than on others.

Article 181. The Board may retain the dividends payable upon shares in respect of which any person is, under Article 57, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

Article 182. Any one of several persons who are registered as the jointholders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

Article 183. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Article 184. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Article 185. Unless otherwise directed any dividend may be paid by Cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the persons to whom it is sent. The Company shall not be liable or responsible for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.

* Article 186. Where a dividend has been declared by the Company, but has not been paid or claimed within 42 days from the date of the declaration to/by any shareholder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of 42 days transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 42 days, to a special account to be opened by the Company in that behalf in any scheduled Bank to be called ''Unpaid Dividend Account of Deepak Nitrite Limited'' and all other provisions of Section 205A of the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with.

Explanation : In this article the expression ''dividend which remains unpaid'' means any dividend, the warrant in respect thereof has not been encashed or which has otherwise not been paid or claimed.

(* Article 186 has been substituted and new Article 186-A has been inserted by special resolution unanimously passed at the 18th Annual General Meeting of the Company held on 2nd September, 1989.)

Article 187. No unpaid dividend shall bear interest as against the Company.

Article 189. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and

standing to the credit of the Share Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions in the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liabilities on any issued shares or debentures or debenture stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up off unissued shares to be issued to Members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the Members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board, where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956 and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

SECTION X: OTHER INFORMATION

1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company), which are or may be deemed material have been entered or are to be entered into by the Company. Copies of these contracts and also the documents for inspection referred to hereunder will be delivered to Bombay Stock Exchange Limited (Designated Stock Exchange). These documents may be inspected at the Registered Office of the Company from 11.00 am to 2.00 pm on all working days, from the date of this Letter of Offer until the date of closure of the Subscription List.

A. Material Contracts:

1. Memorandum of Understanding entered into with Centrum Capital Limited, dated 16th December 2005 to act as Lead Manager to the Issue.
2. Memorandum of Understanding dated 16th December 2005 entered into with M/s Sharepro Services (India) Pvt Ltd and Corporate Investments Limited to act as Registrar to the Issue.
3. Copy of tripartite agreement among NSDL, the Company and the Registrar, Sharepro Services (India) Pt. Ltd dated 6th April 2000.
4. Copy of tripartite agreement among CDSL the Company and the Registrar, Sharepro Services (India) Pvt. Ltd dated 23rd March 2000;

B. Documents

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of Incorporation dated 6th June, 1970 issued by the Registrar of Companies, Gujarat, Ahmedabad
3. Fresh Certificate of Incorporation of the Company consequent to change of name dated 7th April, 1971
4. Certified copy of Board Resolution held on 16th December 2005 for the Proposed Rights Issue.
5. Copy of resolution dt. 21st October, 2003 passed at the meeting of Board of Directors & dated 4th September 2004 at the AGM of the Company seeking Shareholders approving the appointment & remuneration of Mr D C Mehta as Managing Directors of the Company.
6. Copy of resolution dt. 26th October, 2004 passed at the meeting of Board of Directors & dated 6th August 2005 at the AGM of the Company seeking Shareholders approving the appointment & remuneration of Mr A C Mehta as Managing Directors of the Company.
7. Copy of the Resolution passed under section 293 (1d) of Companies Act 1956 at the 34th AGM of the Company held on 6th August 2005 authorising the Board of Directors to borrow from time to time all such sums of money not exceeding Rs 250 crores (apart from temporary loans obtained from companies bankers in the ordinary course of business.
8. Copies of Annual reports of the Company for the years ended 31st March 2001, 2002, 2003, 2004 and 2005.
9. Annual reports for the last 3 years, as applicable, of the group companies.
10. Report of the Auditor M/s B. K. Khare & Co., Chartered Accountants, dated 21st December 2005 as mentioned in the Letter of Offer.
11. Letter dated 20th December 2005 from the Auditors of the Company M/s B. K. Khare & Co., Chartered Accountants confirming tax benefits as mentioned in the Letter of Offer.
12. Consent letter dated 22nd December 2005 from M/s B. K. Khare & Co., Chartered Accountants for inclusion of his reports on Accounts and Tax benefits in the form and context in which they appear in the Letter of Offer.
13. Certificates from M/s S. A, Foujdar & Co; Chartered Accountants dated 17th February, 2006 for VRS expenses and dated 16th February, 2006 for DEM and DEMAP Shifting Project and R&D and Pilot Plant Relocation Project regarding the sources and deployment of funds and amount committed.
14. Certificate from M/s Navnit Shah & Co., Chartered Accountants dated 15th February, 2006 for Resorcinol shifting to Baroda regarding the sources and deployment of funds and amount committed.
15. Copy of letter dated 7th May 2003 informing the Stock Exchange about the appointment of Mr Sanjay Upadhyay as Company Secretary & Compliance officer of the Company.

16. Consents of Auditors, Bankers to the Company, Lead Manager, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Letter of Offer to act in their respective capacities.
17. Copy of letter dated 22nd December 2005 from M/s Mahimtura & Co., Advocates and Solicitors as Legal Advisors to the Issue for vetting and approval of Letter of Offer.
18. Resolution of the meeting of the Board of Directors held on 22nd January 2001 for the formation of the Company's Audit Committee, Investor Grievances Committee.
19. General Power of Attorney executed by the Directors in favour of Mr. Sanjay Upadhyay signing and making necessary changes in this Letter of Offer;
20. In principle listing approval from BSE vide letter No. DCS/SMG/SDM/RK/NS/05 dated January 13, 2006 and VSE vide letter No. VSE/MD/LIS/2005-06 dated January 16, 2006;
21. Due Diligence Certificate dated 23rd December 2005 to SEBI from M/s. Centrum Capital Limited.
22. SEBI observation letter No. CFD/DIL/ISSUES/V/59935/2006 dated February 10, 2006 and reply of the Lead Manager to the same dated February 20, 2006.
23. No Objection Certificates from the Banks & Financial Institution who have sanctioned (CC/OD/Term Loan) to carry on the proposed Rights issue.
24. Sanction Letter dated 30th November 2005 of EXIM Bank for Term Loan.
25. All Government approvals as mentioned in the Letter of Offer including the ones, which have been applied for relating to the project.
26. Copies of the Order of High Court Bombay & Gujarat High Court sanctioning the Scheme of Amalgamation of Aryan Pesticides Ltd with Deepak Nitrite Ltd.
27. Resolution of the Committee of Directors authorised by the Board of Directors approving the Letter of Offer on 2nd March 2006.

Any of the contracts or documents mentioned in this Offer Document may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

2. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Letter of Offer is contrary to the provisions of the Companies Act, 1956, or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued (including the SEBI (Disclosure and Investor Protection) Guidelines, 2000), as the case may be.

Yours faithfully

For Deepak Nitrite Limited

Signed by the Directors

Mr C K Mehta - Chairman

Mr D. C. Mehta (Managing Director)

Mr A. C. Mehta (Managing Director)

Mr Shrenik Kasturbhai Lalbhai*

Dr S. S. Aggarwal*

Mr M. R. B. Punja*

Mr A. K. Dasgupta*

Mr Nimesh Kampani*

Mr Hasmukh Shah*

Mr Sudhin Choksey*

Signed by Company Secretary and Vice President (Finance)

Mr Sanjay Upadhyay

** By Constituted Power of Attorney*

Place: Mumbai

Date: 2nd March 2006

Encl. Composite Application Form

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